

AGENDA

Committee of the Whole April 6, 2026 at 5:00 PM



Lansing City Hall, Tony Benavides Lansing City Council Chambers
124 W. Michigan Avenue, 10th Floor

To provide input or ask questions on any item that is listed on the agenda,
members of the public may contact the City Council at city.council@lansingmi.gov or (517) 483-4177 prior to the meeting.
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Council Member Peter Spadafore, Chairperson
Council Member Trini Pehlivanoglu, Vice Chairperson

1. **Call to Order**
2. **Roll Call**
3. **Minutes**
 - A. March 30, 2026
4. **Presentations:**
 - B. Department Budget Presentations
 - i. Information Technology
 - ii. Assessing
 - iii. City Attorney
 - iv. Police Department
5. **Public Comment on Agenda Items** Those wishing to address the Committee on agenda items will have until we reach the public comment portion of the agenda to sign up for public comment.
6. **Discussion/Action:**
 - C. RESOLUTION - Act-7-2025; Sale of City Property, Lot 49, 200 block S. Cedar St.
7. **Other**
8. **Adjourn**

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MINUTES
Committee of the Whole
Monday, March 30, 2026 @ 5:00 p.m.
Tony Benavides Lansing City Council Chambers

CALL TO ORDER

Council Member Spadafore called the meeting to order at 5:00 p.m.

PRESENT

Councilmember Tamera Carter
Councilmember Jeremy Garza
Councilmember Adam Hussain- excused
Councilmember Ryan Kost
Councilmember Clara Martinez
Councilmember Deyanira Nevarez Martinez
Councilmember Trini Pehlivanoglu
Councilmember Peter Spadafore

OTHERS PRESENT

Sherrie Boak, Council Staff
Greg Venker, City Attorney
Lisa Hagen-Lawrence, City Attorney
Mark Lawrence, Mayors Office
Brett Kaschinske, Parks and Recreation
Jake Brower, Chief Strategy Officer
Jackson Mills, Budget
Kris Klein, LEDC
Kirby Doidge, LEPFA
Tony Watson, Legends Global/LEPFA
Doris Witherspoon, EDP
Erin Buitendorp, EDP
Chief Edwards-Clemons, LFD Chief
Brad Clark
Loretta Stanaway
John Page, Legends Global
Maureen Saxton, LEPFA Chairperson

Minutes

MOTION BY COUNCIL MEMBER PEHLIVANOGLU TO APPROVE THE MINUTES FROM MARCH 23, 2026 AS PRESENTED. MOTION CARRIED 7-0.

Public Comment

Mr. Clark spoke on the provisional \$1 million in the proposed budget from the potential data center sale. He asked that \$200,000 from those funds be designated for a study on informational and economic growth.

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Ms. Stanaway spoke on the budget and parks/recreation impact on cemeteries and the fees.

Presentations

Budget Overview

Mr. Brower and Mr. Mills went through the proposed budget presentation, beginning with the budget assumptions of \$307.2 Million. The next slides explained the budget book, information summaries, budget timeline, role of Council, budget processes, and moved into the general fund sources.

Council Member Kost stepped away from the meeting at 5:09 p.m.

Mr. Brower summarized the budget document on GF uses, property tax revenue, property tax assumptions, property taxes, income tax assumptions, State revenue assumptions, and budgeting personnel.

Council Member Kost returned to the meeting at 5:12 p.m.

Mr. Brower highlighted the major sources of revenue and major expenditures which included retirement, police/fire, public service, community/recreation and general government. There was a brief overview of the state revenue on public safety and road reforms. Regarding budgeting for personnel the slide reflects wages, fringes, retirement, dental and health. Mr. Brower spoke on proposed fee changes in the proposed budget for City Clerk, Economic Development, Parking, Public Service and Parks and Recreation.

Included in the presentation was a list of proposed operational positions including detention staff, officers, firefighters, 311 call center staff, solid waste operators, and investment into programs. In the proposal was an estimate for a proposed Data Center subject to Council consideration, if the data center is approved. In a direct response to the study on homelessness, they have proposed a Project NOVA for construction and maintenance.

Council Member Spadafore referred to the slide where it was \$1.3 million on Nova and \$800,000 additional, is that \$2.2 million one time. Mr. Brower confirmed, and stated part of that was carry forward of HRCS funding, \$1.3 million in construction from Ingham County, carryforward. He referred to Section 2, page 67 of the budget book it breaks down the NOVA, and in the slide presentation. For the balance needed, they are looking into multiple resources. Council Member Spadafore asked where the carry forward came from, and Mr. Brower stated 1.25% from HRCS GF. They were distributed last year, and carry forward \$1.4 million, spending down through HRCS on services, but setting aside to use towards this project.

Council Member Kost, asked about the Data Center slide, and when the funding would be reflected. Mr. Brower stated it would be up to 18 months before the City would see the revenue captured. Council Member Kost then asked about the 311 line item in the City Council budget and asked for in sight on \$1800. Mr. Brower stated that the 311 takes calls from Council activities and those operators might be able to answer those questions, and not send to Council staff, proportional out to what 311 has taken for Council. Council Member Kost asked if department has opportunity to opt out of 311, and Mr. Brower confirmed that they do, and for example Assessing has opted out because of technical calls. Mr. Brower stated Council can speak to the 311 Department about what 311 does for Council.

Council Member Garza asked about the revenue slide, and asked if there is someone monitoring the income tax payments, and if so who. Mr. Brower stated that income tax auditors does have access to State of Michigan tapes, and treasury does keep an eye on organizations in the City, and a frequent topic with finance and treasury.

CDBG Action Plan 2026-2027

Ms. Buitendorp acknowledged Ms. Witherspoon. Ms. Witherspoon then went through the presentation on the proposed action plan.

As part of that it was noted this was submitted every five (5) years, and every year after that an Action Plan. Current is 2022 – 2026, so this is the last year of the current five year plan, and they will start working in the 2027-2031. The five year plan is the government use for the plan on needs, how to distribute the HUD funds, activities including housing, homelessness issues, and economic development. The City follows the citizen participation plan, they hold public hearings annually. With the federal funds the City of Lansing receives CDBG/HOME/ESG grants. The CDBG provides funding for community revitalization, and builds one of three community benefits. Those funds can go towards public services, facilities, housing and economic development. The HOME provides for new construction and down payment assistance. The ESG program provides funding to assist homeless person; homeless prevention, emergency shelter and administration. The presentation did provide a 1 year layout of the spending. They anticipate the federal funding will arrive in the next couple days, but cannot submit until they get those funds. The Planning Commission held public hearings in December and March. They open up a timeframe for public input. They anticipate the public hearing in front of Council on April 20th.

Council Member Nevarez Martinez referred to the history amounts slide, and asked if it is based on applications or needs. Ms. Witherspoon stated those allocations are done by HUD based on census tracking, and formulas with HUD; federal data and local.

Council Member Pehlivanoglu referred to the report, and there is a portion on evaluation of past performances. It does not give examples of what was accomplished, and asked for some examples of how the funds have been allocated. Ms. Buitendorp stated they have partnered with CAHP on down payment assistance; \$14,999. They have been approved for more, and the need is there, so they are working on more. So far this year they have provided two (2) for CAHP homes. Other things they have addressed is closing out the Lead Safe Phase 4 program, and will get \$8 million for Lead Safe Phase 5. A highlight is Walter French Phase 1, partner with Capital Area Services and in house served 8 clients. There is emergency home repair, lead abatement, and continuum care, emergent solutions dollars and partnering with HRCS. Council Member Pehlivanoglu asked how many FTE, and Ms. Buitendorp stated 7 including herself.

Council Member Carter acknowledged Ms. Witherspoon, and wanted to know about the marketing of the programs and economic development. Ms. Buitendorp stated that is more with LEDC, but they helped with the facade improvement program. With kids camp, they help support parks and recreation, tool library with CAP, and public services.

Council Member Martinez asked about the 30 day input timeline, and asked what those methods are. Ms. Witherspoon stated the 30 day public input is a requirement. When they get the funding they do an environmental review of those. The comment period is published in the City Pulse, CDBG mailing list, mailed to continuum of care, on the website, utilize all tools to let people know. This period starts 1st day after advertising is published.

Department Budget Presentations

Council President Spadafore noted 15 minutes as a guideline.

Fire Department

Chief Edwards-Clemons went through the list of questions provided by Council leadership and acknowledged Council and her staff.

QUESTION 1 -What are three accomplishments your department achieved last year.

Data driven decision making; emergency reporting, national emergency response system, predictive analytics, real-time dash board on the website.

Secondly the opening of Fire Station #2.

Thirdly they secured PFAS free gear for the fire fighters, and cancer screening.

QUESTION 2 – What are three priorities or goals your department aims to accomplish this year.

They would like to focus on the “*Business of Fire*”, providing statistics on the number of calls.

The purpose is to make sure they are self-sufficient, and focusing on specialist teams.

Some basic calls are being handled by shared services, so they are hoping that if something happens to those shared services they can continue to provide services.

They hope to become the central hub for training services; fire and EMT training.

QUESTION 3 – What has changed in your budget request, and what is one-time vs. ongoing.

Assessing the areas of needs of the services they are providing.

Continued education for maintaining the standards and certifications.

QUESTION 4 – How are staffing levels and vacancies affecting your budget and operations.

The department have front loaded with paramedics, training and reducing staff on call, but understand there is time to train, and to support that they are sending all new hires to

paramedics school. Most staffing levels are minimum with 41 per shift.

They have a focus on fire fighter mental health as well.

QUESTION 5 – What steps is your department taking to optimize the budget and contain costs.

They are reviewing their fee schedules to make sure they are compatible with surrounding communities. They are seeking federal and state funding for equipment and staff. They are

modernizing the stations to provide a better living environment for their firefighters. As funding is available they would be increasing their fire trucks.

They have shorted the timeline from 8 months to 4 months, with the assistance from HR.

They have applied with the State initiative for cancer screening, and they continue to review.

With training, they will look into in-house training to lesson the time for training off site and cost.

They have looked into a partnership with MSU on an assessment of the needs and services.

QUESTION 6 – What internet metrics or performance based strategies ensure operational efficiency.

They have yearly evaluations, collected data in real-time, “crew sense” to monitor sick leave and overview overtime, have an ESO system, and tracking of the buildings, businesses and

what they are doing in the community, leading to making sure the buildings are inspected, and members are training, licenses and renewed.

Council Member Garza asked with the number of calls, will the proposed 3 new hires, will that keep up with those retiring. Chief stated that many fire fighters leave, getting trained, then

leave to other departments because they cannot make them stay. They need 3 but can always use more. Council Member Garza asked if they need a new ladder truck, and Chief

stated that it go 104’ but they need to focus on water rescue, specialized teams, training with specialized equipment. There is no ladder truck that will go that high, that is why they are

focusing on specialized teams, but can always use another ladder truck.

Council Member Nevarez Martinez asked about predictive analytics and what they are predicting. Chief stated they are looking at past history on types, if they had fire alarms,

smoke alarms, and this now allows them to focus resources to identify an area where services

they provide is needed. They look at data, trending, the community, where most fires, and

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then focus on the details of the fire. Council Member Nevarez Martinez noted that the Mayor noted if Data Center went in, and there would be funds from that for hazmat, and asked if the department been engaged in the conversations with the proposed data center and if the amount proposed is what is actually needed. Chief stated they have been in conversations with what they need, the whole environment of what fire is what is needed.

Council Member Pehlivanoglu referred to the Data Center slide from the budget presentation, and noted there are items listed for needs, because it ties those items to potential data center revenue, and asked if those needs could be addressed without the data center revenue. She asked for new projections of the budget depending on how the vote goes on the data center, because they just heard about large buildings being build per the Chief on needs to address those risks.

Parks and Recreation

Mr. Kaschinske went through the list of questions provided by Council leadership.

QUESTION 1 -What are three accomplishments your department achieved last year.
Parks millage.

Council President Spadafore stepped away at 6:28 p.m.

Passing of the five year plan.
Opening of the fish ladder music park.

Council President Spadafore returned to the meeting at 6:29 p.m.

Tying all the areas together along the river trail.

QUESTION 2 – What are three priorities or goals your department aims to accomplish this year.

Opening Moores Park pool on June 10th with ribbon cutting, and open 7 days beginning June 13th.

Community Center study, encouraging everyone to fill out the survey.

Grants and capital improvement projects; expansion of river trail (section 2-89) in the budget for CIP.

QUESTION 3 – What has changed in your budget request, and what is one-time vs. ongoing. There are new fees in the budget for cemeteries, community centers services, and special events.

With bringing on Moore's Park Pool, there is a need for staffing and security.

QUESTION 4 – How are staffing levels and vacancies affecting your budget and operations.

There is a need for life guards, and is a tough market to hire for Hunter and Moores and swim lessons at Alfreda Schmidt. There is a Parks Supervisory position open currently, and a posting for manager of leisure services.

QUESTION 5 – What steps is your department taking to optimize the budget and contain costs.

Fees, which they always look at, make sure to keep up with cost of living and rising employee. There is a millage coming for Ingham County in August; in terms of the amount of funding the City has received towards maintenance of River Trail, which is over 25 miles.

With establishing the Parks Foundation they have the access to 501c3 grants, they can apply for to optimize the budget and maintain costs.

QUESTION 6 – What internet metrics or performance based strategies ensure operational efficiency.

There is a focus on the millage, the City is high above the average on park acreage, with a 73% approval rate of the parks. The data they gather on classes and programs, they do that survey a lot to see the input on what they can do better.

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Council Member Garza asked about a Ward 2 recreation center, and why the community recreation survey does not speak to Ward 2. Mr. Kaschinske stated in the Ward 3 community center, and they started at Alfreda Center, it was a school, and so they are getting “squeezed out”, and what is on the horizon is “where is ward 2” because of Charter there will now be 5 wards and not sure where that will be drawn. They are thinking about that placement Council Member Garza asked him to commit it will be in south Lansing, and Mr. Kaschinske stated he could not commit at this time, but there will not be a shortage of input.

Council Member Nevarez Martinez acknowledged no commitment but will focus on getting south Lansing to complete the survey.

Lansing Economic Development Corporation (LEDC)

Mr. Klein went through the list of questions provided by Council leadership.

QUESTION 1 -What are three accomplishments your department achieved last year.

With developments over the last year, there has been job growth, housing growth, advancing economic development initiative. The empower program, an enhanced program for small businesses. The launch of the target development program.

QUESTION 2 – What are three priorities or goals your department aims to accomplish this year.

Build on momentum of current development, improve incentive policies, promote sites and market local area and region.

Grow marketing, and made updates to the website which now included profiles of past or current development.

Expand business access including retention program, site visits, a more defined process to help businesses grow.

QUESTION 3 – What has changed in your budget request, and what is one-time vs. ongoing.

Budget stays the same, inflation increases from sources, decline in bank and loan interest.

There is an increase in contractual services.

QUESTION 4 – How are staffing levels and vacancies affecting your budget and operations.

The team maintains at 9 staff; salary and exempt. They are not City of Lansing employees.

There was some turnover in 2025.

QUESTION 5 – What steps is your department taking to optimize the budget and contain costs.

The City contract amount stays the same, but there are several increases with LEDC, 9.5%, and they are taking approaches to be productive and keep budget in check. Currently looking at review of fee schedule to have Board consider for the upcoming fiscal year.

QUESTION 6 – What internet metrics or performance based strategies ensure operational efficiency.

Look at efforts internally and externally.

Council Member Garza stepped away at 6:56 p.m.

Launched a new project manager development tool, providing data and provide a dash board report.

Council Member Garza returned to the meeting at 6:57 p.m.

Council Member Carter asked about the priority of marketing and what their strategy to get people into the City. Mr. Klein stated their task is to have resources for improvements, making sure those sites are ready to go, profiles of the sites are correct. Defining the base to sites City wide.

Lansing Entertainment Public Facilities Authority (LEPFA)

Ms. Saxton provided introductions.

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Mr. Watson and Mr. Doidge went through the list of questions provided by Council leadership.

QUESTION 1 -What are three accomplishments your department achieved last year.

Mr. Watson spoke on the accomplishments, included the economic impact, increase of visitors, social impact; \$35.1 million economic impact, return on investment of \$4 million. Reduction in the operating.

Council Member Kost stepped away from the meeting at 7:02 p.m.

PHP insurance change to employees, and state cuts.

Working with Choose Lansing

QUESTION 2 – What are three priorities or goals your department aims to accomplish this year.

Want to move to Legends Global priorities, upgrading to customer experience, implemented new surveys, client surveys.

Increase overall event revenue.

QUESTION 3 – What has changed in your budget request, and what is one-time vs. ongoing.

Mr. Doidge stated they have not new funding, and still asking for \$1.49 million, and with the current they have increase efficiencies to cover the operating increases, and covering the property insurance for the three facilities.

The increase to employee health insurance, the increase to minimum wage, and aging infrastructure and utilities. They have done studies on if they went off steam their expenses would decrease. Majority of budget is operational expenses, and there is a an expense with the TMO contract with the Stadium.

Council Member Kost returned to the meeting at 7:06 p.m.

QUESTION 4 – How are staffing levels and vacancies affecting your budget and operations.

Mr. Watson stated they are similar to past years and they do utilize overtime due to size of events.

Council Member Nevarez Martinez stepped away at 7:07p.m.

Currently have key positions open. There are no official retirements made but one further in the year.

QUESTION 5 – What steps is your department taking to optimize the budget and contain costs.

Looking at more sponsorships, and implemented Legends best practices to look at maintenance on facilities. Working with Legends vendor lists that can give them shared services, and working with the City of Lansing on shared contracts when needs for repair.

QUESTION 6 – What internet metrics or performance based strategies ensure operational efficiency.

Mr. Doidge noted they track days of events, attendance, customer satisfaction surveys.

Council Member Nevarez Martinez returned to the meeting at 7:10 p.m.

Track the number of rounds at Groesbeck, track attendance and impact, special events.

Council Member Garza asked about the operational costs that were up due to PHP removal, and Mr. Doidge confirmed. Council Member Garza asked about operational efficiencies, and Mr. Doidge stated they are implementing Legends best practices, people are working more than 40. They are attempting to be pro-active in stead of reactive. Council Member Garza stated the City is going down by 35%, and Mr. Brower stated that is correct. It is going down at

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Lansing Center and towards the stadium. They are staying equal. Council Member Garza asked them to take a hard look at the subsidy, and was concerned with employee burn out.

Council Member Kost asked about the increase in green fees for Groesbeck. Mr. Doidge stated they have increased revenues and fees, and with that they insure the rates are the best value. Council Member Kost spoke on the stadium, with the structure aging, and asked if there is an effort to increase revenue through marketing to boost attendance over 300,000. Mr. Doidge says they do not handle that, but Lugnuts has overall operation of baseball, LEPFA has the stadium. Council Member Kost stated that with HVAC repairs at the stadium, in the past Lugnuts had to wait for LEPFA to call on service, asking if that has been fixed. Mr. Watson stated it has not been fixed, but he has gotten a good relationship with the property management and working on that. Before LEGENDS took over, Lugnuts could make initial contact but there were billings that were not defined with LEPFA, so they took it back. Mr. Doidge stated the budget does not have that kind of support for Lugnuts to call on repairs, and they are aware there needs to be an investment and they are working with the City on grants. There is not an up to date estimate on HVAC but pre-covid it was \$3 million. Council Member Kost asked if they had ideas on how to generate the revenue to fix. Mr. Doidge stated they do not get revenue for that, just City funding. Mr. Brower currently they are taking a two-prong approach to address facilities. Right now they have Legend/Global and LEPFA managing the facilities to free up revenue from the City, and if that is possible they can invest properly. They are partnering on getting quotes to getting up to proper standards. They are looking at grants, financial opportunities, and revenue sources from City is one time to contribute to the investment. Council Member Kost asked if Ovation find funding, and free up PEG fees, can those be used to this ball park. Mr. Venker stated no. Council Member Kost asked if they can use bonds. Mr. Venker stated that PEG fees have to be used to arts and education, and stadium would be exempt from that. There could be a portion from the ticket fees or full faith credit, vote of the people to get a millage to pay for that.

Discussion/Action

RESOLUTION – Set Public Hearing; Community Development Block Grant (CDBG) Annual Action Plan for Fiscal year 2026-2027 Funding Allocations

MOTION BY COUNCIL PEHLIVANOGLU TO APPROVE THE RESOLUTION TO SET THE PUBLIC HEARING FOR THE CDBG ACTION PLAN FOR FY 2026/2027 FOR APRIL 20, 2026.

Council President Spadafore reiterated that the numbers in the plan are “place holders” and they will get the final numbers once those come in from the Federal government.

MOTION CARRIED 7-0.

RESOLUTION – Set Public Hearing; Fiscal Year Budget 2026/2027

MOTION BY COUNCIL MEMBER PEHLIVANOGLU TO APPROVE THE RESOLUTION TO SET THE PUBLIC HEARING FOR THE 2026/2027 BUDGET FOR MAY 4, 2026. MOTION CARRIED 7-0.

RESOLUTION – Introduction & Set Public Hearing; Ordinance Amendment for Re-adoption of Codified Ordinances

MOTION BY COUNCIL MEMBER PEHLIVANOGLU TO APPROVE THE RESOLUTION TO SET THE PUBLIC HEARING TO AMEND THE ORDINANCE FOR RECODIFICATION FOR MAY 4, 2026. MOTION CARRIED 7-0.

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OTHER

There was not other topics of discussion.

Adjourn

The meeting adjourned at: 7:24 pm

Respectfully Submitted by,

Sherrie Boak, Recording Secretary, Lansing City Council

Approved by the Committee

FY 2026/2027 Budget Hearing Schedule

Beginning in March and continuing per the schedule below, until the adoption of the Budget, City Council will convene to discuss the budget in regularly scheduled Committee of the Whole meetings. Unless otherwise noted, these meetings will take place in the Tony Benavides Lansing City Council Chambers. The meetings below also reflect consideration and passage of the CDBG Budget.

March 23, 2026

- CDBG Budget Plan Referred- *pending*
- Mayor Presents Budget to City Council Per Charter 7-101

March 30, 2026, Monday @ 5 p.m. – Special Committee of the Whole Meeting

- Budget-General Overview -Chief Strategy Officer (Fees, Revenues, Fringe)
- CDBG Budget Plan Presentation and Resolution to Set Public Hearing **TBD**, 2026
- Set Public Hearing for FY2026/2027 Budget for May 4, 2026
- Department Budget Presentations
 - Fire
 - Parks & Recreation
 - LEDC
 - LEPFA

April 6, 2026, Monday @ 5 p.m. - Committee of the Whole Meeting-

- Department Budget Presentations
 - Information Technology
 - Assessing
 - City Attorney
 - Police

April 6, 2026, Monday CITY COUNCIL Meeting

- Resolution to Set the Public Hearing for CDBG Budget Plan **TBD**, 2026
- Resolution to Set the Public Hearing for FY2026/2027 Budget for May 4, 2026

April 20, 2026, Monday @ 5 p.m. - Committee of the Whole Meeting

- Department Budget Presentations
 - City Clerk
 - Neighborhoods, Arts & Citizen Engagement
 - Economic Development & Planning
 - Public Service
 - Human Relations & Community Services

April 20, 2026, Monday CITY COUNCIL Meeting

- Public Hearing -CDBG Budget- *tentative*

May 4, 2026, Monday @ 5 p.m.– Committee of the Whole Meeting

- CDBG Budget Action Plan Adoption- *tentative*
- Department Budget Presentations
 - District Court
 - Mayor and Community Media
 - Downtown Lansing Inc.
 - Human Resources
 - Finance
 - Treasury

May 4, 2026, Monday CITY COUNCIL Meeting

- CDBG Budget Action Plan Adoption-*tentative*
- Public Hearing – FY2026/2027 Budget

May 11, 2026, Monday @ 5 p.m. - Committee of the Whole Meeting

- Department Budget Presentations
 - City Council
- Budget Review/Budget Wrap Up
- Budget Policies

May 18, 2026, @ 5 p.m. Committee of the Whole Meeting

- City of Lansing Budget Adoption
- Budget Policies Adoption

May 18, 2026, Monday CITY COUNCIL Meeting

- City of Lansing Budget with Policies Adoption Per Charter 7-105

****This schedule is subject to change.**

All changes will be posted here as well as reflected on the corresponding Committee of the Whole Agenda for each date

**BY COMMITTEE OF THE WHOLE
RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING**

WHEREAS, in conformance with Article 7, Section 7-101 of the City Charter, on March 23, 2026, the Mayor submitted a proposed budget for the 2026/2027 fiscal year, which spans from July 1, 2026 through June 30, 2027; and

WHEREAS, the City Council held a series of televised public hearings to review the Mayor's budget recommendations, and a community input session on May 4, 2026; and

WHEREAS, in accordance with the City Charter and the State Uniform Budgeting and Accounting Act, notice was published and a public hearing was held on May 4, 2026, for the fiscal year 2026/2027 budget and capital improvements program, and the proposed levy for taxation; and

WHEREAS, Public Act 2 of 1968 of the State of Michigan, as amended, provides that the budget resolution of the City shall set forth the total number of mills to be levied under the General Property Tax Act, the estimated revenues by source, and amounts appropriated to defray expenditures and meet the liabilities for the City for the ensuing fiscal year; and

WHEREAS, the City Council desires to establish certain budget policies for the fiscal year 2026/2027, which must include all policies to be carried forward into the current fiscal year;

NOW, THEREFORE, BE IT RESOLVED that 19.44 mills be levied under the General Property Tax Act for the fiscal year for City Operating; and

BE IT FURTHER RESOLVED that 0.26 mills be levied under the Section 475 of Public Act 40 of the State of Michigan, as amended, and such revenue be used to pay for the cost of drain improvements including a portion of the assessment from the Montgomery Drainage District to the City for the Montgomery Drain improvements; and

BE IT FURTHER RESOLVED that 3.9 mills be levied with such revenue to be used to pay for the new Public Safety Buildings, as approved by the voters on November 8, 2022; and

BE IT FURTHER RESOLVED that the following changes to the City's fees and charges be adopted:

Fee Proposed	From Current FY 2026	To Proposed FY 2027
<u>Clerk</u>		
Building Mover/ Wrecker	175.00	200.00
Building Renewal	100.00	115.00
Collection Bin	175.00	200.00
Collection Bin Replace Sticker	25.00	30.00
Health Club	350.00	400.00
Elections Office Common Room Rental		
Office Hours (per hour)	New	30.00
After Hours (per hour)	New	80.00

Fee Proposed (continued)	From Current FY 2026	To Proposed FY 2027
<u>Economic Development and Planning</u>		
<u>Parking Rates</u>		
SCR reserved permit (back lot)	151.00	155.00
SCR covered permit	124.00	128.00
SCR roof permit	98.00	102.00
NGR reserved permit (1st level)	171.00	175.00
NGR Valet/Cage area permit	171.00	175.00
NGR reserved permit (4th level)	150.00	154.00
NGR covered permit	150.00	154.00
NGR roof permit	118.00	122.00
NCR general permit (all levels)	127.00	131.00
Expired Meter Violation - Discount Rate	15.00	25.00
Expired Meter Violation - After 12 Am	25.00	35.00
Expired Meter Violation - 14 Day	35.00	45.00
Expired Meter Violation - 28 Day	45.00	55.00
<u>Credit Card Transaction Fees</u>		
App and Kiosk, Apple Pay, Google Pay, NFC	0.35	0.50
Stripe, Comerica, Square (pass through)	-	4%
Stripe, Comerica, Square (minimum)	1.00	3.00
<u>Planning, Building, Code</u>		
Pilot Application Fee (Workforce PILOT)	850.00	1,100.00
Water Heater (Mechanical)	15.00	20.00
Investigation Fees (Mechanical)	200.00	250.00
Investigation Fees (Electrical)	200.00	250.00
Investigation Fees (Plumbing)	150.00	200.00
Investigation Fees (Building)	200.00	250.00
Ch. 1420 Building Code, 1st offense	150.00	300.00
Ch. 1420 Building Code, 1st repeat offense	250.00	500.00
Ch. 1420 Building Code, 2nd repeat offense	500.00	1,000.00
Ch. 1422 Plumbing Code, 1st offense	150.00	300.00
Ch. 1422 Plumbing Code, 1st repeat offense	250.00	500.00
Ch. 1422 Plumbing Code, 2nd repeat offense	500.00	1,000.00
Ch. 1424 Electrical Code, 1st offense	150.00	300.00
Ch. 1424 Electrical Code, 1st repeat offense	250.00	500.00
Ch. 1424 Electrical Code, 2nd repeat offense	500.00	1,000.00
Ch. 1426 Mech Code, 1st offense	150.00	300.00
Ch. 1426 Mech Code, 1st repeat offense	250.00	500.00
Ch. 1426 Mech Code, 2nd repeat offense	500.00	1,000.00
<u>Public Service</u>		
Forestry Tree Replacement	New	350.00
Sewer Monthly Fixed Charge	14.92	15.70
Industrial Pretreatment Charge	7.05	7.40

Fee Proposed (continued)	From Current FY 2026	To Proposed FY 2027
<u>Public Service (continued)</u>		
Commodity Charge, inclusive of:	8.74	9.18
City Sewage Charges		
Westside Water Dist Sewage		
Industrial Pretreatment Revenue		
Sewage Charges (GM/Delta)		
Irrigation Commodity Charge	1.31	1.37
<u>Parks and Recreation, General Fund</u>		
<u>Special Events</u>		
Women's Wellness Day Fee	New	25.00
Road Ralley Team Fee	100.00	120.00
Scavenger Hunt Fee	50.00	60.00
Swim Class, per class	New	10.00
Communty Centers	3.00	5.00
<u>Parks and Recreation, Cemeteries</u>		
<u>Marker/Monument Cuts</u>		
Single Marker Cut (with foundation)	130.00	250.00
Double Marker Cut (with foundation)	285.00	300.00
Monument Cut (no foundation)	310.00	325.00
Government Marker - Marker Foundation	75.00	70.00
Niche Plate Removal - Mt Hope	65.00	70.00
Niche Plate Removal - Evergreen	80.00	85.00
<u>Interments</u>		
Open & Close Adult Grave	1,365.00	1,435.00
Open & Close Adult Oversized Grave	2,035.00	2,135.00
Open & Close Child Grave	695.00	730.00
Open & Close Cremation	695.00	730.00
Open & Close Infant Grave	515.00	540.00
Open & Close Columbarium Niche	515.00	540.00
Weekday Burials After 2pm, Mon-Fri	620.00	650.00
Saturday Burials before 1pm	745.00	780.00
Saturday Burials after 1pm	925.00	970.00
Sunday/City Holiday Burials	1,235.00	1,295.00
Oversized Burials	2,035.00	2,135.00

Fee Proposed (continued)	From Current FY 2026	To Proposed FY 2027
<u>Parks and Recreation, Cemeteries (continued)</u>		
<u>Burial Spaces</u>		
Single Plot, Resident	1,545.00	1,620.00
Single Plot, Non-City Resident	2,315.00	2,430.00
Child Grave	695.00	730.00
Infant Grave	515.00	540.00
2 Grave Monument Lot, Resident	3,835.00	4,025.00
2 Grave Monument Lot, Non-Resident	5,770.00	6,040.00
3 Grave Monument Lot, Resident	5,000.00	5,960.00
3 Grave Monument Lot, Non-Resident	7,500.00	8,395.00
Premium Grave, Single Marker, City Resident	2,300.00	2,415.00
Premium Grave, Single Marker, Non-Resident	3,450.00	3,620.00
<u>Columbarium Niches</u>		
First Row, Resident	1,540.00	1,615.00
First Row, Non-Resident	2,330.00	2,445.00
Second & Third Row, Resident	1,670.00	1,755.00
Second & Third Row, Non-Resident	2,490.00	2,615.00
Fourth Row, Resident	1,430.00	1,500.00
Fourth Row, Non-Resident	2,145.00	2,250.00
Fifth Row (Mt. Hope Only), Resident	1,300.00	1,365.00
Fifth Row (Mt. Hope Only), Non-Resident	1,950.00	2,045.00
<u>Cremation Tower Plots</u>		
Cremation Tower Plot (Tower not Included)	New	1,755.00
<u>Disinterments/Reinterments</u>		
Lansing Cemeteries (Adult)	4,065.00	4,270.00
Lansing Cemeteries (Child & Infant)	2,100.00	2,205.00
Lansing Cemeteries (cremains)	2,100.00	2,205.00
Outside Cemetery (Adult)	2,730.00	2,865.00
Outside Cemetery (Child & Infant)	1,415.00	1,485.00
Outside Cemetery (cremains)	1,415.00	1,485.00
<u>Other Cemetery Fees</u>		
Cremation Tent (reserved)	260.00	275.00
Cremation Tent (same-day rental)	310.00	325.00
Thaw Fee (cremains)	60.00	75.00
Thaw Fee (full burials)	180.00	215.00

BE IT FURTHER RESOLVED that the following appropriations and revenue projections are adopted as the City's budget for the FY 2026/2027 fiscal year:

I. General Fund	FY 2027 Proposed	Council Changes	FY 2027 Adopted
<u>Estimated Revenues</u>			
Property Taxes	58,980,000		58,980,000
Income Taxes	50,600,000		50,600,000
Licenses & Permits	1,492,000		1,492,000
State Grants	25,270,000		25,270,000
Contributions	30,446,000		30,446,000
Charges for Services	11,750,000		11,750,000
Fines & Forfeitures	1,690,000		1,690,000
Interest & Rent	1,225,000		1,225,000
Other Revenue	502,000		502,000
Appropriation of Fund Balance	-		-
Total Revenue	181,955,000	-	181,955,000
<u>Appropriations</u>			
City Council			
Personnel	701,200		701,200
Operating	405,400		405,400
Total	1,106,600	-	1,106,600
Mayor's Office			
Personnel	1,174,800		1,174,800
Operating	617,600		617,600
Total	1,792,400	-	1,792,400
I. General Fund (continued)			
Office of Community Media			
Personnel	675,100		675,100
Operating	163,100		163,100
Total	838,200	-	838,200
Finance Operations			
Personnel	2,027,100		2,027,100
Operating	702,000		702,000
Total	2,729,100	-	2,729,100
City Clerk's Office			
Personnel	1,388,300		1,388,300
Operating	831,600		831,600
Total	2,219,900	-	2,219,900

I. General Fund (continued)	FY 2027 Proposed	Council Changes	FY 2027 Adopted
Office of the Independent Internal Auditor			
Personnel	213,200		213,200
Operating	29,000		29,000
Total	<u>242,200</u>	-	<u>242,200</u>
Treasury/Income Tax			
Personnel	2,174,200		2,174,200
Operating	1,133,800		1,133,800
Total	<u>3,308,000</u>	-	<u>3,308,000</u>
Assessing			
Personnel	1,680,600		1,680,600
Operating	365,700		365,700
Total	<u>2,046,300</u>	-	<u>2,046,300</u>
City Attorney's Office			
Personnel	2,705,800		2,705,800
Operating	566,100		566,100
Total	<u>3,271,900</u>	-	<u>3,271,900</u>
Human Resources			
Personnel	2,080,300		2,080,300
Operating	924,400		924,400
Total	<u>3,004,700</u>	-	<u>3,004,700</u>
Courts			
Personnel	5,143,600		5,143,600
Operating	1,731,400		1,731,400
Total	<u>6,875,000</u>	-	<u>6,875,000</u>
Police			
Personnel	52,183,400		52,183,400
Operating	9,014,500		9,014,500
Total	<u>61,197,900</u>	-	<u>61,197,900</u>
Fire			
Personnel	40,910,600		40,910,600
Operating	7,845,300		7,845,300
Total	<u>48,755,900</u>	-	<u>48,755,900</u>
Public Service			
Personnel	1,226,700		1,226,700
Operating	8,406,700		8,406,700
Total	<u>9,633,400</u>	-	<u>9,633,400</u>

I. General Fund (continued)	FY 2027 Proposed	Council Changes	FY 2027 Adopted
Human Relations & Community Services			
Personnel	2,185,500		2,185,500
Operating	532,500		532,500
Total	<u>2,718,000</u>	-	<u>2,718,000</u>
Basic Human Services & Racial Equity			
Operating	2,431,000		2,431,000
Total	<u>2,431,000</u>	-	<u>2,431,000</u>
Economic Development and Planning			
Personnel	5,723,200		5,723,200
Operating	3,357,000		3,357,000
Total	<u>9,080,200</u>	-	<u>9,080,200</u>
Parks and Recreation			
Personnel	6,318,500		6,318,500
Operating	5,816,500		5,816,500
Total	<u>12,135,000</u>	-	<u>12,135,000</u>
Neighborhoods, Arts, and Citizen Engagement			
Personnel	564,300		564,300
Operating	273,600		273,600
Total	<u>837,900</u>	-	<u>837,900</u>
City Supported Agencies			
Operating	237,500		237,500
Total	<u>237,500</u>	-	<u>237,500</u>
City Recognitions			
Operating	10,000		10,000
Total	<u>10,000</u>	-	<u>10,000</u>
Non-Departmental			
Vacancy Factor	(1,500,000)		(1,500,000)
South Lansing District Library	171,000		171,000
Debt Service	987,400		987,400
Transfers Out	7,825,500		7,825,500
Total	<u>7,483,900</u>	-	<u>7,483,900</u>
Total General Fund Appropriation	<u>181,955,000</u>	-	<u>181,955,000</u>

II. Special Revenue Funds**FY 2027
Proposed** **Council
Changes** **FY 2027
Adopted****Stadium Fund**Estimated Revenues

Charges for Services	472,895		472,895
Interest & Rent	5,420		5,420
Other Revenue	156,685		156,685
Interfund Transfers In	226,000		226,000
Total Revenues	861,000	-	861,000

Estimated Expenditures

Operating	5,735		5,735
Debt Service	855,265		855,265
Total Appropriations	861,000	-	861,000

Major Streets FundEstimated Revenues

Licenses & Permits	665,000		665,000
Federal Grants	500,000		500,000
State Grants	20,300,000		20,300,000
Charges for Services	835,000		835,000
Interest & Rent	350,000		350,000
Other Revenue	125,000		125,000
Appropriation of Fund Balance	1,390,000		1,390,000
Total Revenues	24,165,000	-	24,165,000

Estimated Expenditures

Personnel	2,798,800		2,798,800
Operating	5,200,400		5,200,400
Capital	7,725,000		7,725,000
Debt Service	190,800		190,800
Transfers Out	8,250,000		8,250,000
Total Appropriations	24,165,000	-	24,165,000

Local Streets FundEstimated Revenues

Property Taxes	155,000		155,000
State Grants	5,950,000		5,950,000
Interest & Rent	100,000		100,000
Interfund Transfers In	10,452,000		10,452,000
Appropriation Of Fund Balance	600,000		600,000
Total Revenues	17,257,000	-	17,257,000

II. Special Revenue Funds (continued)

	FY 2027 Proposed	Council Changes	FY 2027 Adopted
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Local Streets Fund (continued)Estimated Expenditures

Personnel	2,874,200		2,874,200
Operating	3,707,700		3,707,700
Capital	8,555,000		8,555,000
Debt Service	620,100		620,100
Transfers Out	1,500,000		1,500,000
Total Appropriations	<u>17,257,000</u>	-	<u>17,257,000</u>

Public Safety Revenue Sharing FundEstimated Revenues

Federal Grants	250,000		250,000
State Grants	1,171,000		1,171,000
Interfund Transfers In	900,000		900,000
Appropriation Of Fund Balance	(432,000)		(432,000)
Total Revenues	<u>1,889,000</u>	-	<u>1,889,000</u>

Estimated Expenditures

Office of Neighborhood Safety

Personnel	169,000		169,000
Operating	425,000		425,000
Total	<u>594,000</u>	-	<u>594,000</u>

Police

Personnel	980,500		980,500
Operating	314,500		314,500
Total	<u>1,295,000</u>	-	<u>1,295,000</u>

Total Appropriations

	<u>1,889,000</u>	-	<u>1,889,000</u>
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HOME Grant FundEstimated Revenues

Federal Grants	630,000		630,000
Other Revenue	116,000		116,000
Total Revenues	<u>746,000</u>	-	<u>746,000</u>

Estimated Expenditures

Personnel	154,000		154,000
Operating	231,500		231,500
Capital	360,500		360,500
Total Appropriations	<u>746,000</u>	-	<u>746,000</u>

II. Special Revenue Funds (continued)	FY 2027 Proposed	Council Changes	FY 2027 Adopted
Emergency Solutions Grant (ESG) Fund			
<u>Estimated Revenues</u>			
Federal Grants	175,000		175,000
Total Revenues	175,000	-	175,000
<u>Estimated Expenditures</u>			
Operating	175,000		175,000
Total Appropriations	175,000	-	175,000
Building Department Fund			
<u>Estimated Revenues</u>			
Licenses & Permits	3,925,000		3,925,000
Total Revenues	3,925,000	-	3,925,000
<u>Estimated Expenditures</u>			
Personnel	2,942,800		2,942,800
Operating	982,200		982,200
Total Appropriations	3,925,000	-	3,925,000
Community Development Block Grant (CDBG) Fund			
<u>Estimated Revenues</u>			
Federal Grants	1,900,000		1,900,000
Other Revenue	640,000		640,000
Interfund Transfers In	100,000		100,000
Total Revenues	2,640,000	-	2,640,000
<u>Estimated Expenditures</u>			
Personnel	1,160,232		1,160,232
Operating	399,336		399,336
Capital	1,080,432		1,080,432
Total Appropriations	2,640,000	-	2,640,000
Disaster Contingency Fund			
<u>Estimated Revenues</u>			
Federal Grants	350,000		350,000
Total Revenues	350,000	-	350,000

II. Special Revenue Funds (continued)	FY 2027 Proposed	Council Changes	FY 2027 Adopted
Disaster Contingency Fund (continued)			
<u>Estimated Expenditures</u>			
Operating	350,000		350,000
Total Appropriations	350,000	-	350,000
Drug Law Enforcement Federal Fund			
<u>Estimated Revenues</u>			
Interest & Rent	500		500
Total Revenues	500	-	500
<u>Estimated Expenditures</u>			
Operating	500		500
Total Appropriations	500	-	500
Drug Law Enforcement State and Local Fund			
<u>Estimated Revenues</u>			
Fines & Forfeitures	150,000		150,000
Interest & Rent	8,000		8,000
Total Revenues	158,000	-	158,000
<u>Estimated Expenditures</u>			
Operating	73,200		73,200
Capital	84,800		84,800
Total Appropriations	158,000	-	158,000
Tri-County Metro Fund			
<u>Estimated Revenues</u>			
Federal Grants	15,000		15,000
Contributions	400,000		400,000
Fines & Forfeitures	220,000		220,000
Interest & Rent	6,000		6,000
Total Revenues	641,000	-	641,000
<u>Estimated Expenditures</u>			
Personnel	85,000		85,000
Operating	556,000		556,000
Total Appropriations	641,000	-	641,000

II. Special Revenue Funds (continued)

	FY 2027 Proposed	Council Changes	FY 2027 Adopted
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Opioid Settlement FundEstimated Revenues

Other Revenue	210,000		210,000
Total Revenues	<u>210,000</u>	-	<u>210,000</u>

Estimated Expenditures

Police	70,000		70,000
Fire	70,000		70,000
Human Relations & Community Services	70,000		70,000
Total Appropriations	<u>210,000</u>	-	<u>210,000</u>

Downtown Lansing, Inc. FundEstimated Revenues

Special Assessments	631,300		631,300
State Grants	1,025,000		1,025,000
Other Revenue	269,500		269,500
Interfund Transfers In	85,000		85,000
Total Revenues	<u>2,010,800</u>	-	<u>2,010,800</u>

Estimated Expenditures

Personnel	459,400		459,400
Operating	1,551,400		1,551,400
Total Appropriations	<u>2,010,800</u>	-	<u>2,010,800</u>

III. Capital Project Funds**Other Capital Projects Fund**Estimated Revenues

Charges for Services	300,000		300,000
Interest & Rent	560,000		560,000
Other Revenue	366,400		366,400
Interfund Transfers In	2,950,000		2,950,000
Appropriation of Fund Balance	989,000		989,000
Total Revenues	<u>5,165,400</u>	-	<u>5,165,400</u>

Estimated Expenditures

Capital	3,300,000		3,300,000
Debt Service	926,400		926,400
Transfers Out	1,254,000		1,254,000
Total Appropriations	<u>5,480,400</u>	-	<u>5,480,400</u>

III. Capital Project Funds (Continued)

	FY 2027 Proposed	Council Changes	FY 2027 Adopted
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Parks Millage Capital Projects FundEstimated Revenues

Interfund Transfers In	2,862,500		2,862,500
Total Revenues	<u>2,862,500</u>	-	<u>2,862,500</u>

Estimated Expenditures

Capital	2,050,000		2,050,000
Transfers Out	812,500		812,500
Total Appropriations	<u>2,862,500</u>	-	<u>2,862,500</u>

IV. Enterprise Funds**Cemetery Fund**Estimated Revenues

Charges for Services	302,000		302,000
Interest & Rent	8,000		8,000
Other Revenue	162,000		162,000
Interfund Transfers In	760,500		760,500
Total Revenues	<u>1,232,500</u>	-	<u>1,232,500</u>

Estimated Expenditures

Personnel	526,000		526,000
Operating	677,500		677,500
Transfers Out	29,000		29,000
Total Appropriations	<u>1,232,500</u>	-	<u>1,232,500</u>

Municipal Parking System FundEstimated Revenues

Charges for Services	4,950,000		4,950,000
Fines & Forfeitures	825,000		825,000
Interest & Rent	1,785,000		1,785,000
Other Revenue	25,000		25,000
Total Revenues	<u>7,585,000</u>	-	<u>7,585,000</u>

Estimated Expenditures

Personnel	2,677,700		2,677,700
Operating	2,110,700		2,110,700
Capital	790,000		790,000
Debt Service	2,006,600		2,006,600
Total Appropriations	<u>7,585,000</u>	-	<u>7,585,000</u>

IV. Enterprise Funds (continued)

	FY 2027 Proposed	Council Changes	FY 2027 Adopted
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Golf FundEstimated Revenues

Interfund Transfers In	72,000		72,000
Total Revenues	<u>72,000</u>	-	<u>72,000</u>

Estimated Expenditures

Operating	72,000		72,000
Total Appropriations	<u>72,000</u>	-	<u>72,000</u>

Sewage Disposal System FundEstimated Revenues

Licenses & Permits	50,000		50,000
Charges for Services	45,010,000		45,010,000
Interest & Rent	2,030,000		2,030,000
Other Revenue	10,000		10,000
Appropriation of Fund Balance	12,500,000		12,500,000
Total Revenues	<u>59,600,000</u>	-	<u>59,600,000</u>

Estimated Expenditures

Personnel	8,446,600		8,446,600
Operating	11,191,020		11,191,020
Capital	28,185,000		28,185,000
Debt Service	11,777,380		11,777,380
Total Appropriations	<u>59,600,000</u>	-	<u>59,600,000</u>

Garbage and Rubbish Collection FundEstimated Revenues

Charges for Services	4,547,000		4,547,000
Other Revenue	3,000		3,000
Total Revenues	<u>4,550,000</u>	-	<u>4,550,000</u>

Estimated Expenditures

Personnel	1,798,900		1,798,900
Operating	2,321,100		2,321,100
Capital	430,000		430,000
Total Appropriations	<u>4,550,000</u>	-	<u>4,550,000</u>

IV. Enterprise Funds (continued)

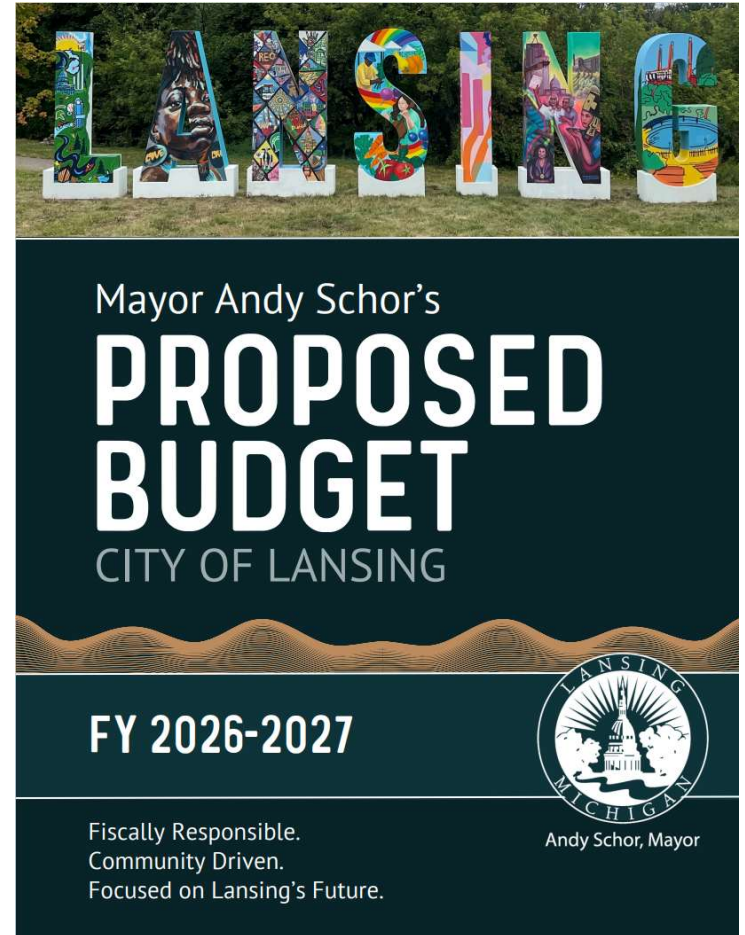
	FY 2027 Proposed	Council Changes	FY 2027 Adopted
Recycling Fund			
<u>Estimated Revenues</u>			
Charges for Services	5,055,000		5,055,000
Interest & Rent	140,000		140,000
Appropriation of Fund Balance	50,000		50,000
Total Revenues	<u>5,245,000</u>	-	<u>5,245,000</u>
<u>Estimated Expenditures</u>			
Personnel	1,986,600		1,986,600
Operating	2,578,400		2,578,400
Capital	680,000		680,000
Total Appropriations	<u>5,245,000</u>	-	<u>5,245,000</u>

BE IT FINALLY RESOLVED, that the following policies are hereby established for the 2026/2027 fiscal year:

FY2027 PROPOSED BUDGET

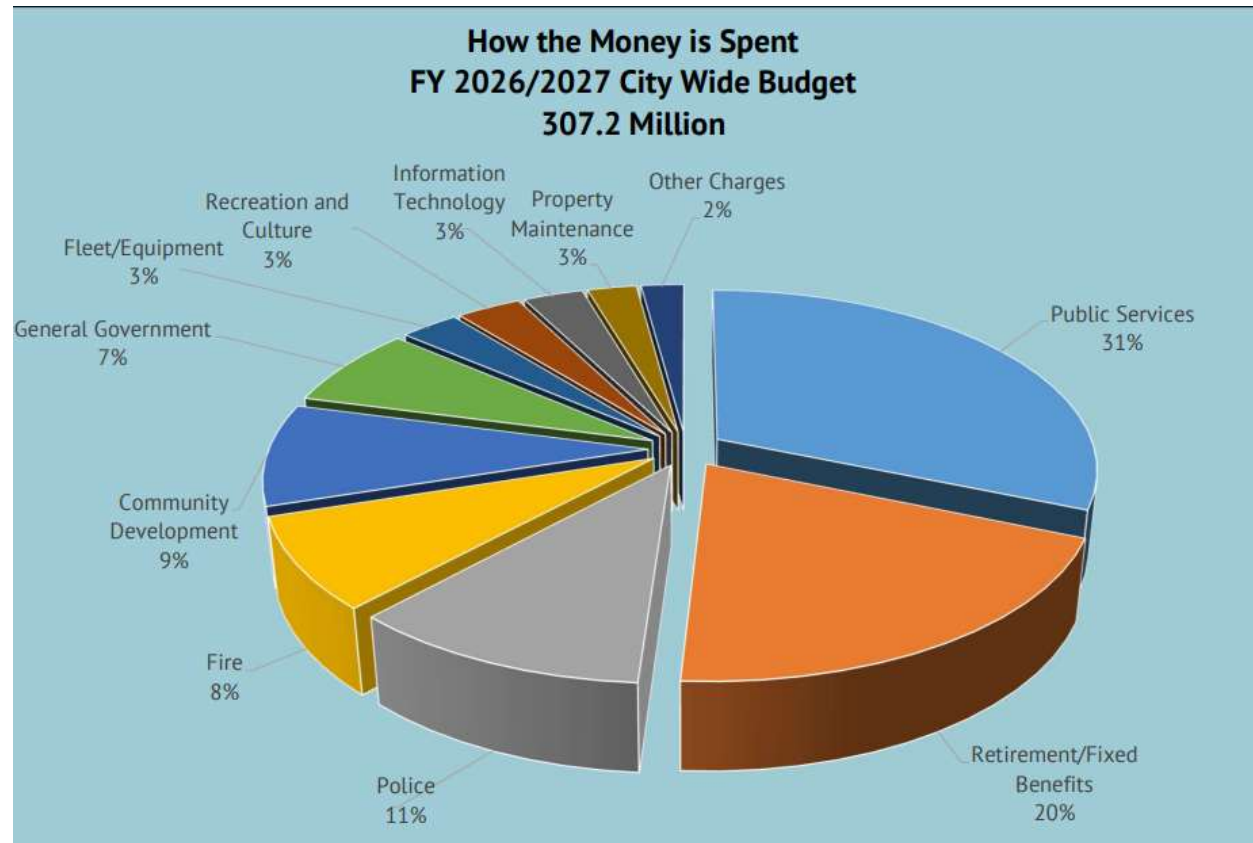
Jake Brower, Chief Strategy Officer/Budget Director

Jackson Mills, Budget Analyst

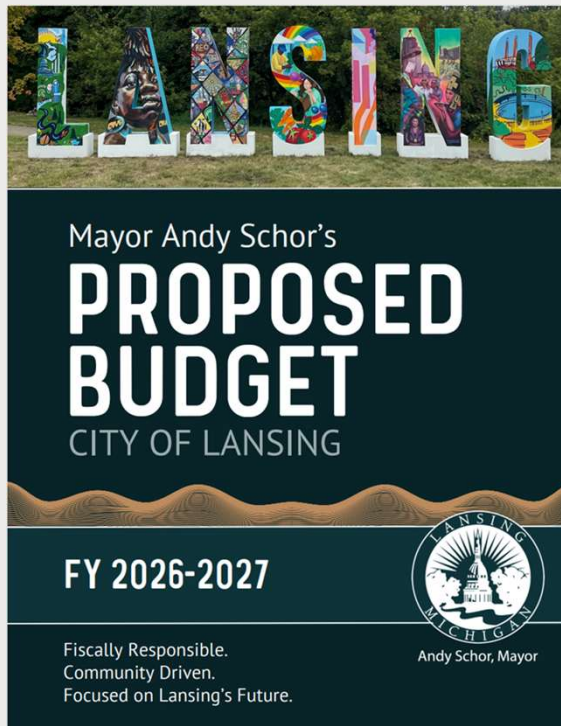


FY2027 BUDGET ASSUMPTIONS

- City Budget Basics
- Revenues
 - Major Assumptions
 - Outlook
- Fringe Benefits
 - Projections and Sources
 - Funding Strategy
- Fee Changes
 - New Fees
 - Fee Changes



READING THE PROPOSED BUDGET BOOK



- Beginning of Book:
 - City Officials
 - City Org Chart
 - Letter of Transmittal
 - City-Wide Summaries
- Fund Summaries (1):
 - Descriptions
 - Financial Overview
 - Major Assumptions
 - Sources and Outlook
- Department Summaries (2)
 - Contact and Summary Information
 - Budget Overview
 - Proposed Changes
- Affiliated Agencies (3)
 - Lansing Entertainment and Public Facilities Authority
 - Lansing Economic Development Corporation
 - Tax Capture Authorities
- Capital Improvement Program (4)
 - Capital Improvements Program
 - Project Descriptions/Sources
- Proposed Budget Resolution (5)
 - Fee Changes
 - Budget Resolution
- Appendix (6)
 - Fund balances
 - Debt Service
 - Glossary and Acronyms

BUDGET TIMELINE

Fiscal Year July 1, 2026 to June 30, 2027

- November to December
 - FY 2025 Audit Completed/Review FY 2026 Budget
 - Departments receive budget worksheets
- January to March
 - Meet with City Directors on budget priorities
 - Review budget and CIP/fee change requests
 - Prioritize budget decisions with administration
 - Mayor presents recommended budget to Council
- April to May
 - Detailed budget presentations to Council
 - Review major changes, capital projects, and fees
 - Respond to Council and community questions



BUDGET PRESENTATION FY 2027 

ROLE OF CITY COUNCIL

Fiscal Year July 1, 2026 to June 30, 2027

- September to March
 - Council adopts Budget Priorities by October 1st
 - Quarterly Financial Updates
 - Receive Mayor’s budget recommendation
- April to May
 - Council reviews budget and hosts public hearings
 - Public Hearings on CDBG and City Budget
 - Adopt budget third Monday in May (18th)
- Amendment Process
 - Council may amend adopted budget proposal (subject to item veto from the Mayor)
 - Council may override a veto with 2/3 vote
 - Subsequent amendments considered throughout fiscal year on up or down basis



BUDGET PROCESS

Council Priorities

- Prior to October 1: Council submits a list of budget priorities to the administration
- Within these priorities, Council also establishes the City Mission

Budget Development

- Budget instructions for submitting budgetary requests were updated for departments to directly enter their budget requests in the City's BS&A software in November 2025
- Technical Review (December-March):
 - Reviewing requests according to priorities and available resources

Budget Recommendation

- Due to City Council by 4th Monday in March
- A budget to be adopted by the 3rd Monday in May

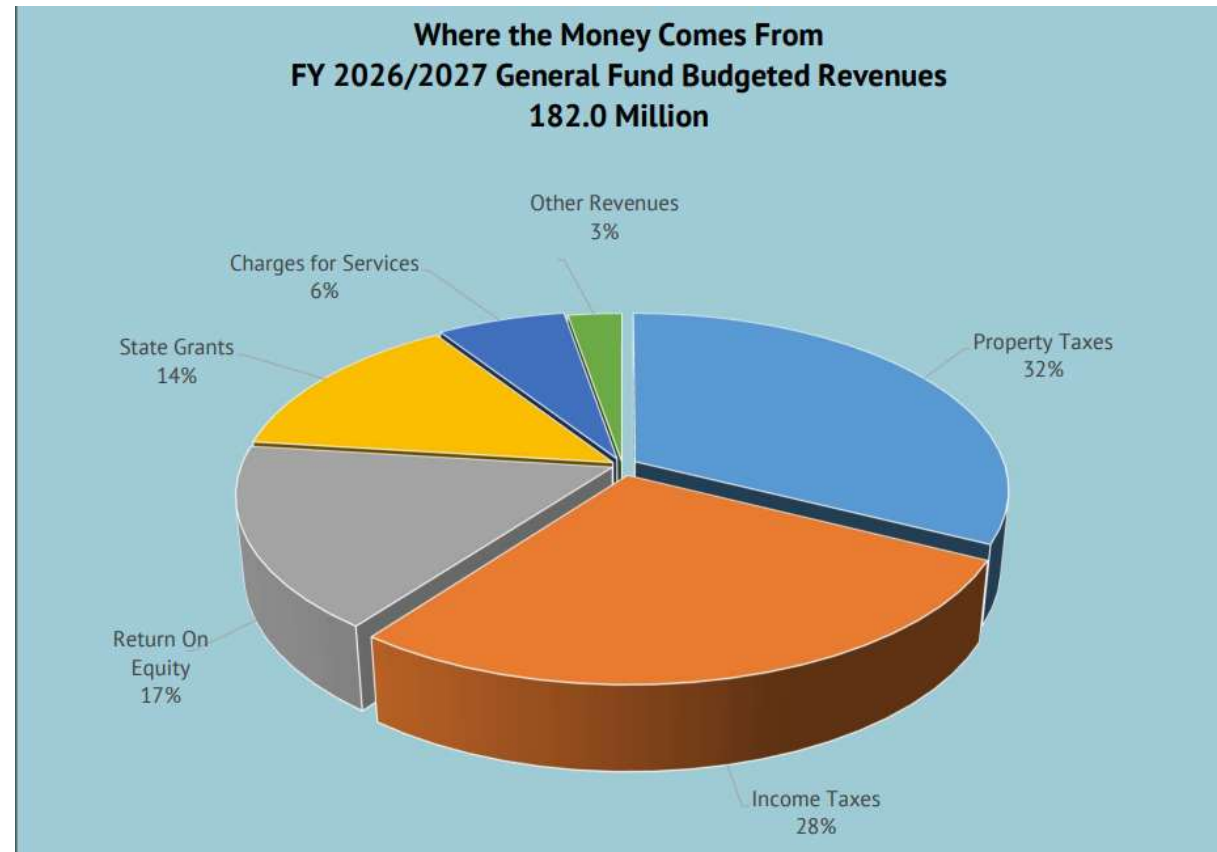
CITY OF LANSING MISSION

The City Council, in adopting its annual statement of Budget Policies and Priorities, establishes the following mission for the City of Lansing:

- I. Promoting a vibrant, safe, healthy, and inclusive community that provides opportunity for personal and economic growth for residents, businesses, and visitors,
- II. Securing short- and long-term financial stability through prudent management of city resources,
- III. Providing reliable, efficient, and quality services that are responsive to the needs of residents and businesses,
- IV. Adopting sustainable practices that protect and enhance our cultural, natural, and historic resources,
- V. Facilitating regional collaboration and connecting communities.

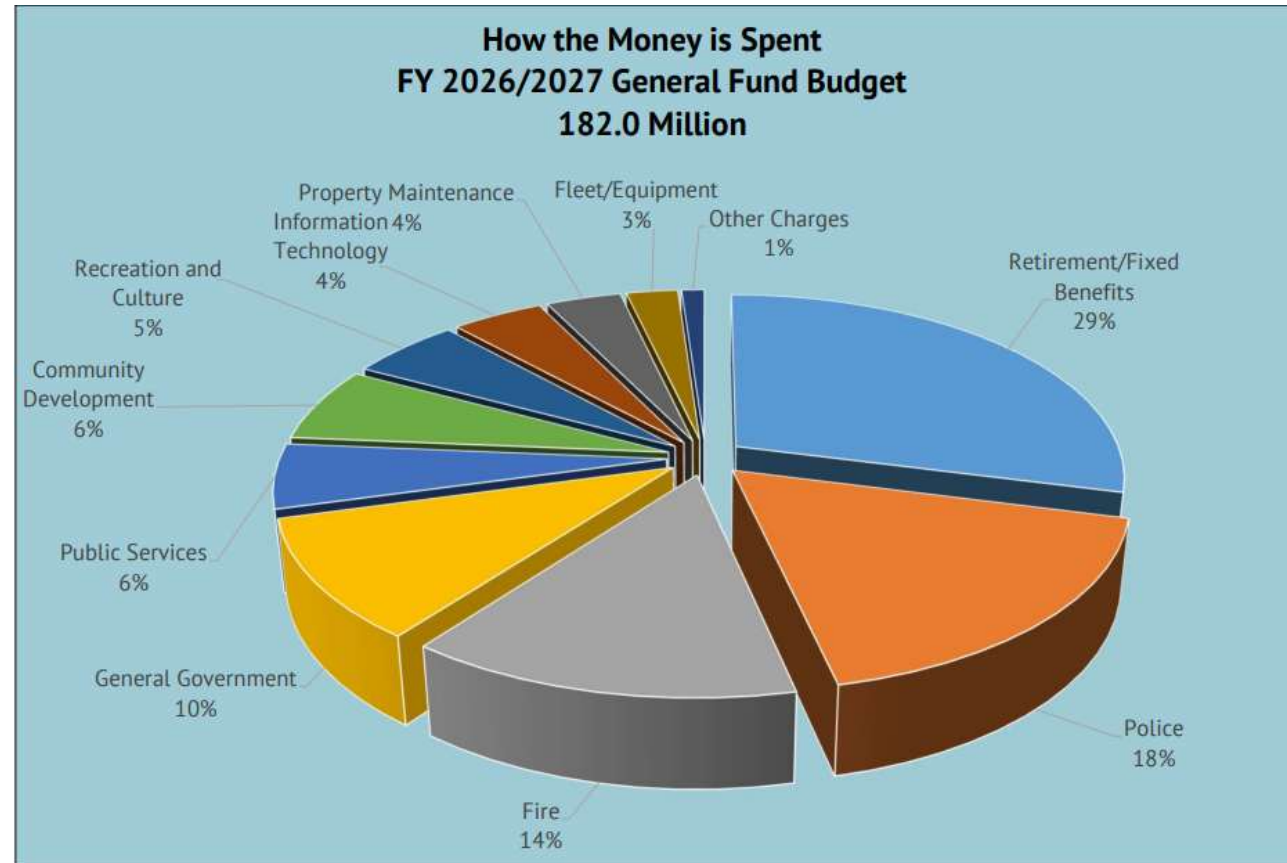
GENERAL FUND SOURCES

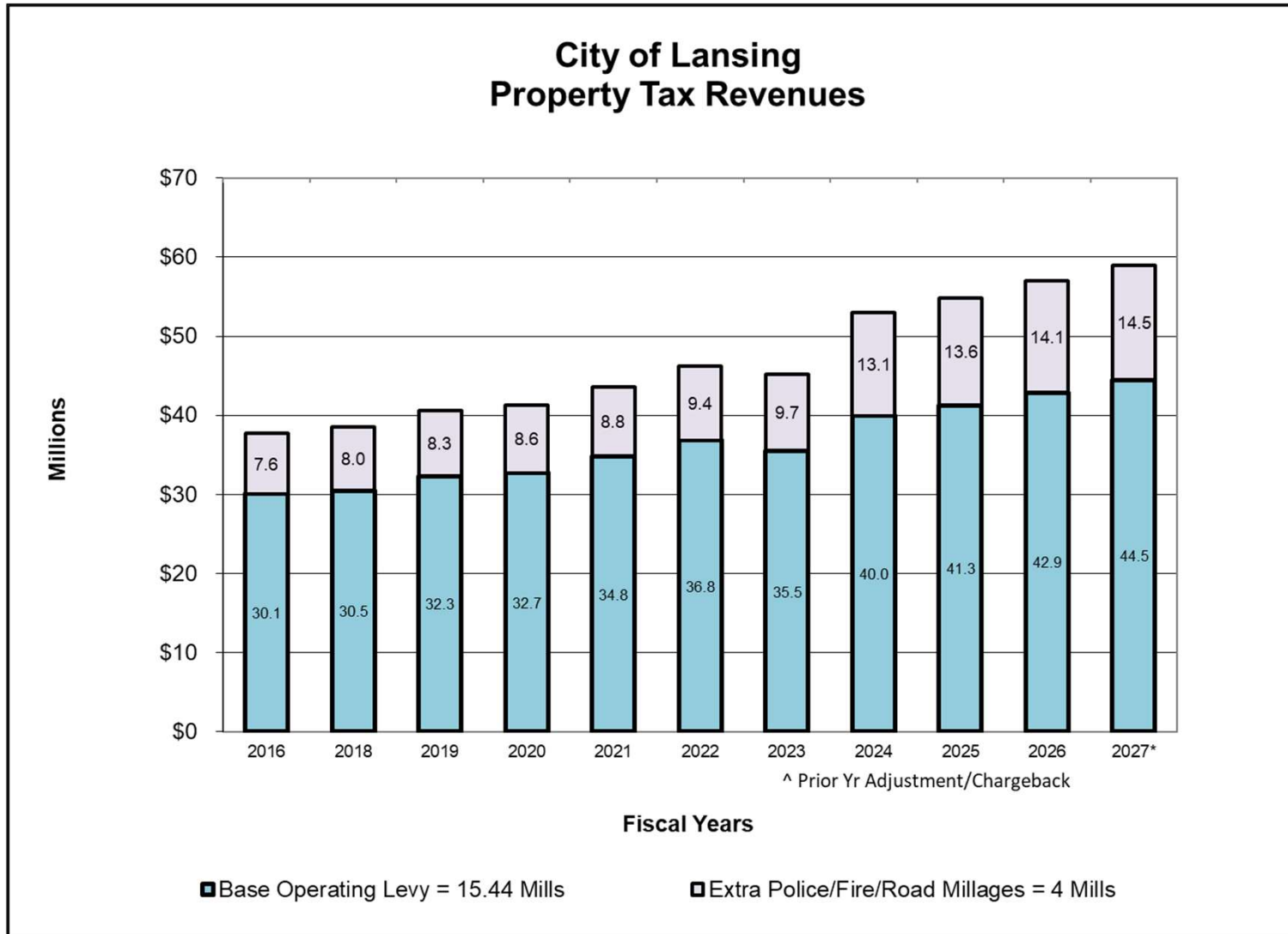
- Primary sources of revenue for the general fund:
 - Property Tax
 - Income Tax
 - BWL Return on Equity
 - State Grants



GENERAL FUND USES

- Major Expenditures
 - Retirement
 - Police/Fire
 - General Government
 - Public Service
 - Community/Recreation





PROPERTY TAX ASSUMPTIONS

- Assumptions:
 - Based on December 2025 Valuations
 - Adjusted for LBRA/TIFA capture
 - Inflation rate for capped taxable values: 2.7%
 - 19.44 mills operating (same as last year)
 - Overall: 3.5% increase from FY26
- Trends/Sensitivity
 - Residential sales returning to trend
 - Average prices remaining flat
 - Short term risks to projection minimal for budget and factored into projection
 - March Board of Review
 - Michigan Tax Tribunal



PROPERTY TAXES

- Assumptions:

- Total Ad Valorem: 3.4 Billion
- 19.44 mills operating (same as last year)
- Adjusted for LBRA/TIFA capture
- 3.5% increase from FY26 budget

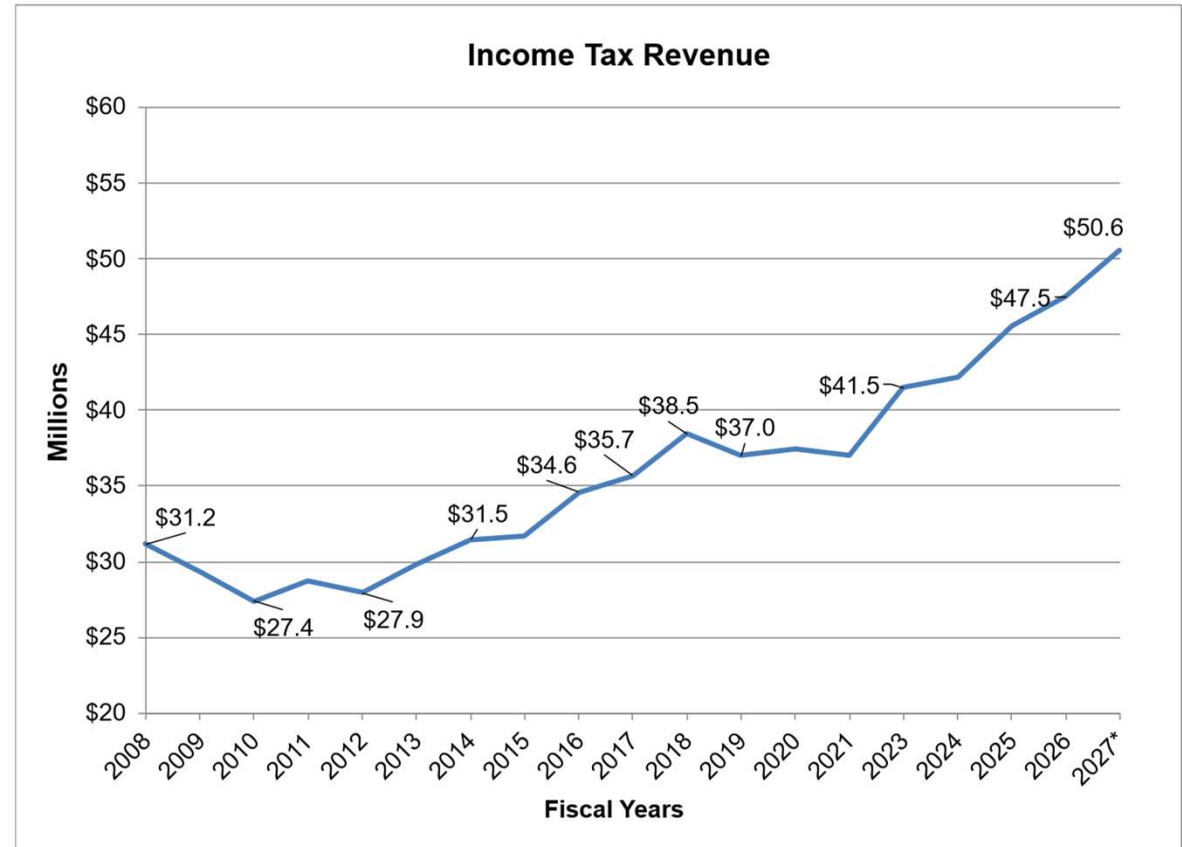
- Outlook

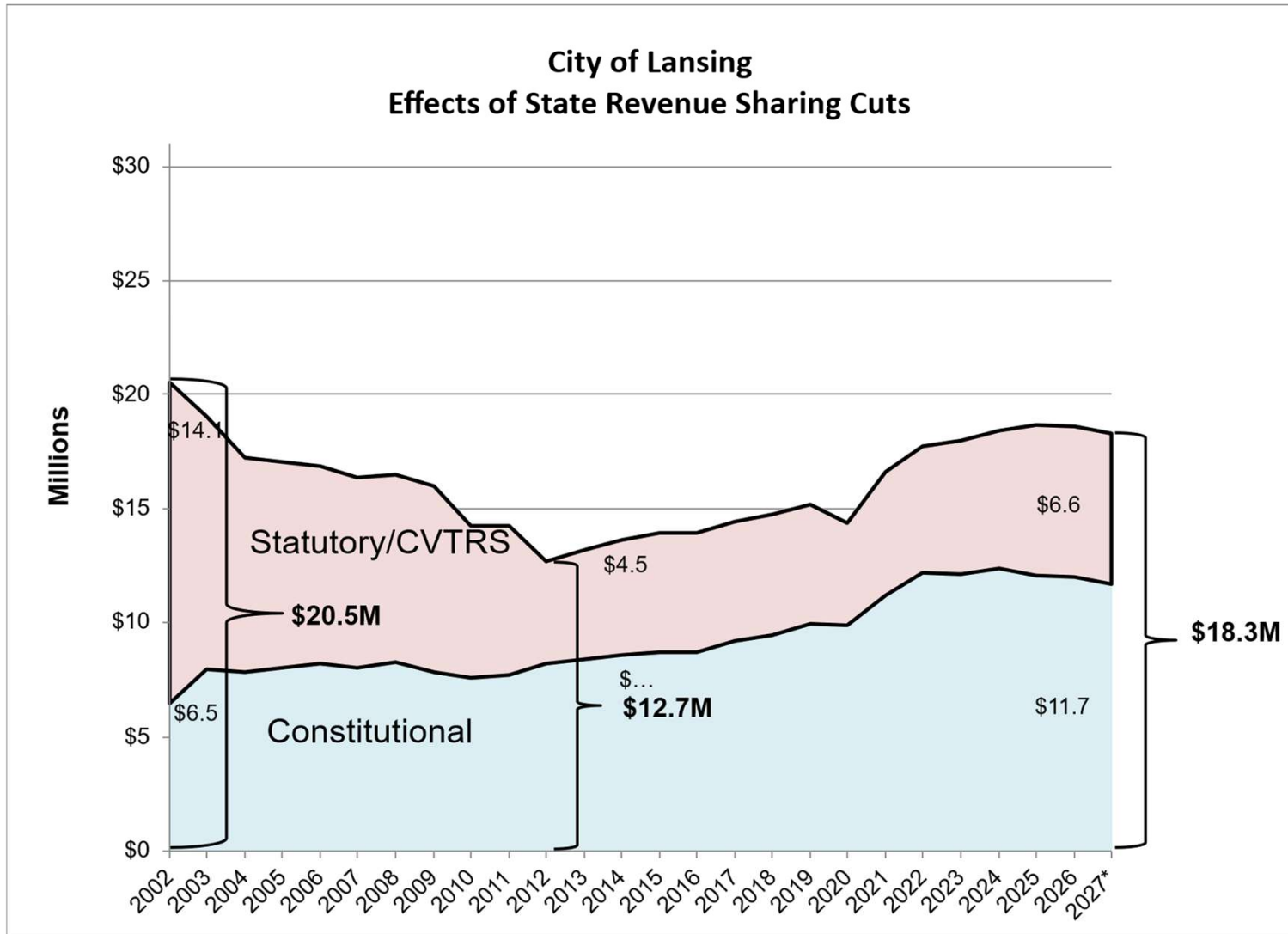
- Strong growth may slow with economic pressures in coming years
- Supply and demand pressure on property values
- Major developments incoming for City of Lansing
- Tariff and Economic Risks

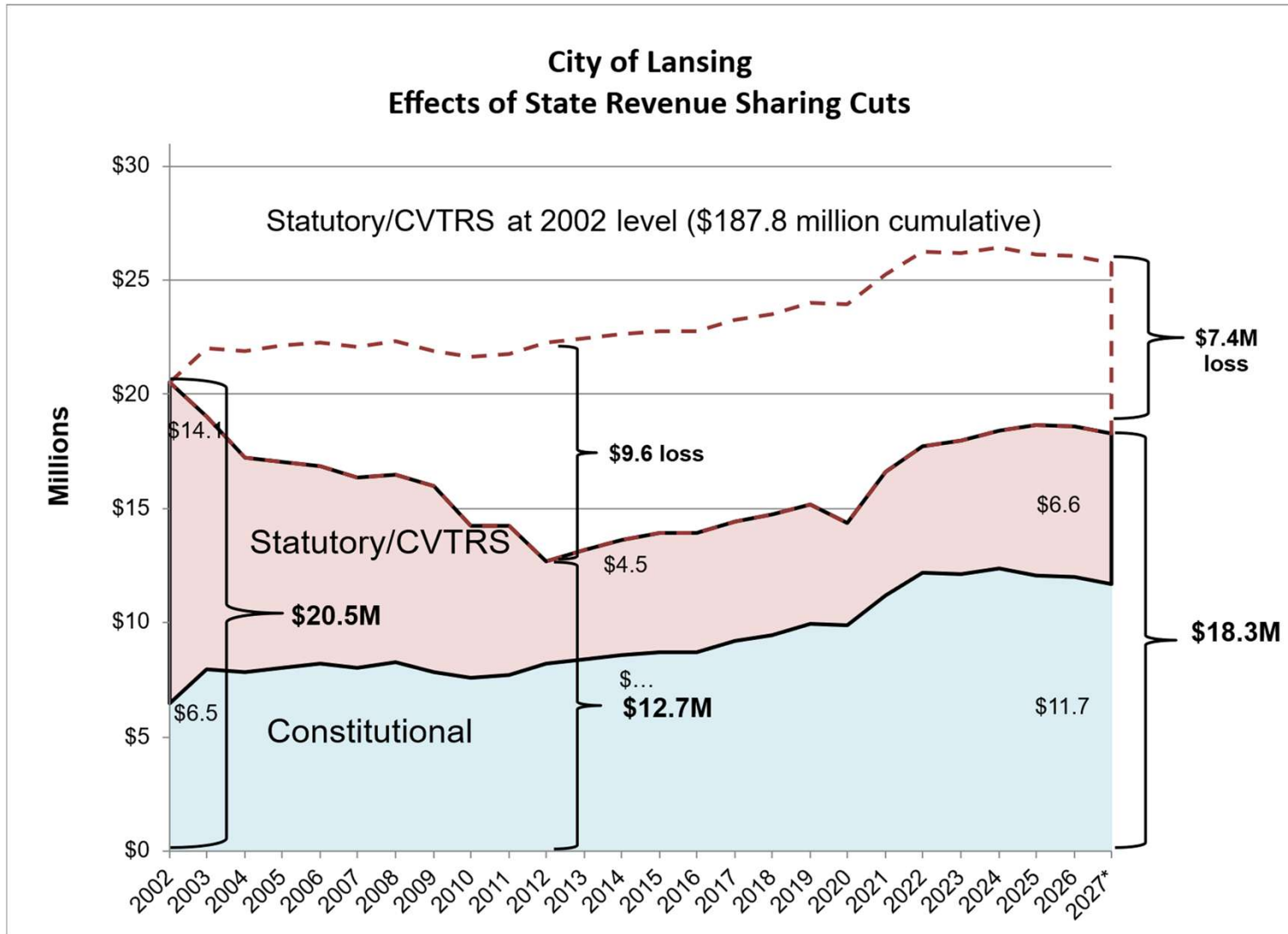
	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2026 Amended Budget	FY 2027 Proposed Budget	Percent Change
<u>Property Taxes</u>					
Non-Dedicated	41,278,119	42,885,000	42,885,000	44,470,000	3.7%
Dedicated - Police	4,065,000	4,237,500	4,237,500	4,353,000	2.7%
Dedicated - Fire	4,065,000	4,237,500	4,237,500	4,353,000	2.7%
Dedicated - Roads	2,710,000	2,825,000	2,825,000	2,902,000	2.7%
Dedicated - Parks	2,710,000	2,825,000	2,825,000	2,902,000	2.7%
Total	54,828,119	57,010,000	57,010,000	58,980,000	3.5%

INCOME TAX ASSUMPTIONS

- Assumptions:
 - Statewide CREC estimates continued steady growth in personal income across State
 - 6.4% increase calendar year 2024 to 2025 in Treasury reports
- Outlook
 - Conservative estimates for FY 2026 adopted budget helped keep budget rightsized through State funding changes.
 - Remains sensitive to economic factors: positive and negative.
 - Good, high paying jobs continue coming to Lansing.
 - Tax season ongoing – file your taxes!







STATE REVENUE ASSUMPTIONS

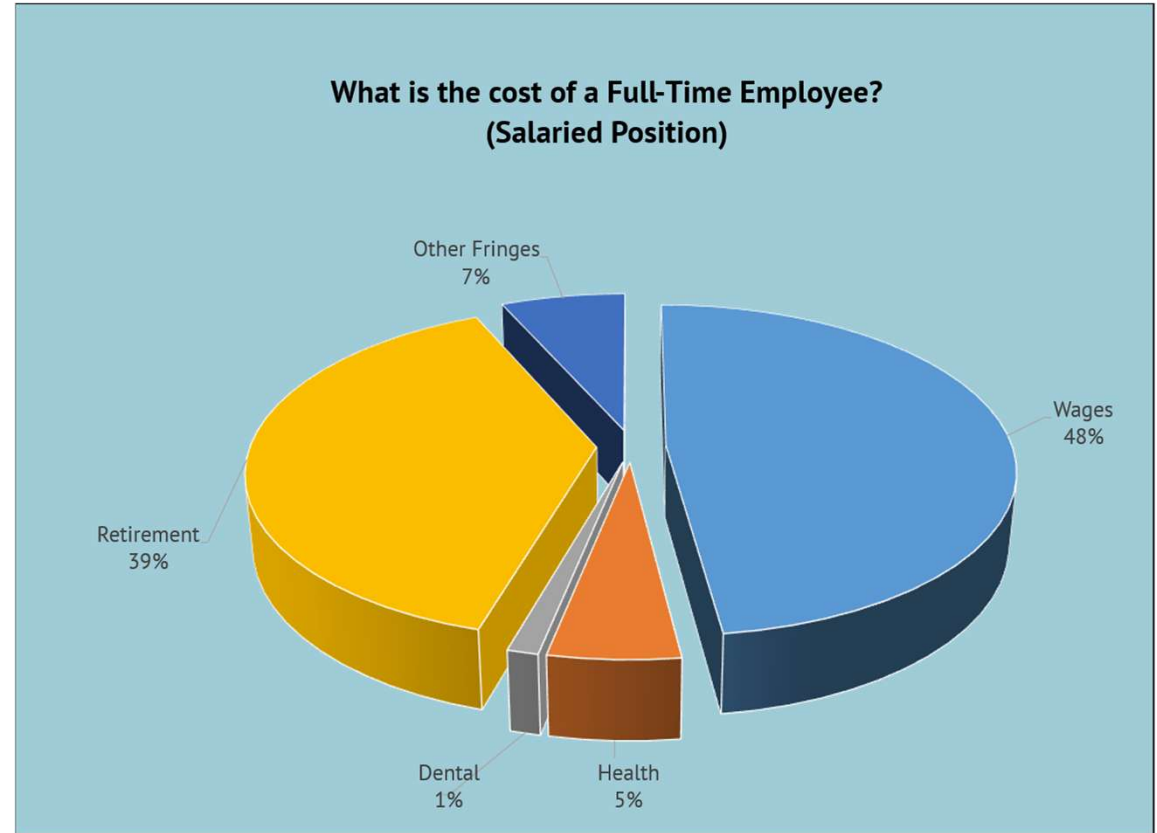
- Revenue Sharing
 - Constitutional:
 - \$11.7 million total
 - Down \$300,000 from FY26
 - Statutory:
 - \$6.6 million total
 - No change from FY26
- Non-General Fund
 - Proposed Public Safety
 - \$1.4 million with one-time funds for FY26
 - \$1.1 million ongoing funds for FY 27 and FY28
 - Proposed Road Reforms
 - FY25: \$17.9 million
 - FY26: \$20.0 million projected
 - FY27: \$26.5 million projected

	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2026 Amended Budget	FY 2027 Proposed Budget	Percent Change
State Grants					
Public Safety	2,493,745	2,560,000	2,635,000	2,715,000	6.1%
Other State Grants	1,584,622	1,520,000	1,520,000	1,480,000	-2.6%
Reimbursements	1,483,684	1,800,000	1,775,000	1,775,000	-1.4%
Revenue Sharing	18,680,615	19,200,000	18,590,000	18,300,000	-4.7%
Capital City Allocation	1,000,000	1,000,000	1,000,000	1,000,000	0.0%
Total	25,242,666	26,080,000	25,520,000	25,270,000	-3.1%

- Outlook
 - Sources: Governor’s Budget Proposal, Senate Fiscal Agency, Michigan Treasury Estimates
 - Impact of Sales Tax changes
 - Sensitive to State budget priorities
 - May Consensus Revenue Estimates
 - House/Senate Proposals Pending

BUDGETING PERSONNEL

- Salary is only a fraction of the cost of a full-time employee
- Budgeting Personnel
 - Cost of full-time positions
 - Estimated vacancies
- City Union Representation
 - Capitol City Labor Program
 - International Association of Firefighters
 - Teamsters
 - United Auto Workers



FRINGE BENEFITS – RETIREMENT

Proposed Budget

- Pension Contribution: \$38.8 million
 - Employee Retirement System \$13.8 million
 - Police and Fire Retirement System \$25.0 million
- Retiree Health Care: \$21.8 million
 - Employee Retirement System \$6.3 million
 - Police and Fire Retirement System \$15.5 million

Funding Status from 2024 to 2025

- Retiree Pension: increased from 55.4% to 58.4%
- Retiree Health Care: increased 51.4% to 55.9%

Funding Strategies

- Actuarially Determined Employer Contribution

Areas to save

- Continue bidding/negotiating services (low impact)
- Continue periodic plan audits (low impact)
- Consolidating plans (low to medium impact)
- Negotiate benefits (potentially high impact)

FEE CHANGES

- City Clerk
 - Licenses (inflationary):
 - Building Mover/Wreckers
 - Collection Bins
 - Health Clubs
 - Rentals (New):
 - Elections Office Room
- Economic Development
 - Parking
 - South Capital Ramp (SCR)
 - North Grand Ramp (NGR)
 - North Capital Ramp (NCR)
 - Expired Meter Rates
 - Credit card transaction fees (reflecting service costs)
 - Planning, Building, Code
 - PILOT Application Fee
 - Investigation fees
 - Code Fees (including repeat offenses)
- Public Service
 - Forestry Tree Replacement (New)
 - Wastewater Charges (inflationary)
- Parks and Recreation
 - General Fund
 - Special events
 - Women's Wellness Day (New)
 - Other inflationary increases
 - Swim Fee, per Class
 - Community Centers
 - Cemeteries (mostly inflationary)
 - Monument/Marker Cuts
 - Interments
 - Burial Spaces
 - Coumbarium Niches
 - Cremation Tower Plots (New)
 - Disinterments/Reinterments

OPERATIONAL INVESTMENTS

- Three New LPD Detention staff, allowing 5 Officers to move from the jail to the streets
- Six Lansing Police Officer positions through continued funding from the state's Public Safety Revenue Sharing and COPS grant
- Three additional Firefighters, an increase of one per shift
- Two additional Code Compliance Officers
- Two additional 311 call center staff, fulfilling staffing needs in addition to helping residents at the upcoming Customer Service Center in the new Lansing City Hall
- Two Solid Waste Operators for Public Service to improve trash and recycling collection services
- \$100,000 for gun violence prevention and intervention programs through the Lansing Empowerment Network
- Increased funding for the Advance Peace gun violence prevention initiative to \$325,000
- Continued funding of the Violence Prevention Coordinator in Office of Neighborhood Safety
- New water rescue training account to begin tracking expenditures separately

INFRASTRUCTURE HIGHLIGHTS

- Over \$16 million in roads, streets, and bridge improvement projects, including:
 - \$ 5.8 million in new local street improvements
 - \$ 4.4 million in new major street improvements
 - \$ 1.7 million in bridge repairs
 - Does not include funding from projects carrying forward from historic FY 2026 appropriation as State funding and capacity ramp up
- \$1.5 million for new sidewalks, sidewalk repairs, sidewalk gap closures, and trailways as requested by City Council priorities
- \$100,000 for permanent speed bumps
- \$7.5 million for critical Wastewater Treatment Plant improvements
- Over \$2 Million in improvements to the City Parks and Recreation System funded by Parks Millage
- \$560,000 total for Parking System Capital Projects, including \$420,000 for Parking Ramp Maintenance.
- \$1.3 million for Project NOVA construction
- \$50,000 in Jackson Field Stadium improvements



DATA CENTER

- Operating revenues anticipated from increased return on equity
- Revenues can be committed by Council resolution toward dedicated purposes:
 - Can be set aside into a separate projects fund to ensure availability for intended uses.
 - Funding is not included in the current budget appropriation and would be contingent on the project proceeding.
 - Council will have the opportunity to review and recommend uses should the project proceed.

DEEP GREEN REVENUE PROPOSAL CITY OF LANSING, MICHIGAN

Fiscal Year July 1, 2026 - June 30, 2027

CONTINGENCY ONLY

	FY 2027 Proposed Funding
RESOURCES	
Return on Equity	1,000,000
Total Resources	<u>1,000,000</u>
PROPOSED USES	
Lansing Fire Department	400,000
<i>Specialized Gear for Hazard Mitigation</i>	
<i>High-Angle Rescue Certification</i>	
<i>Electrical Hazard Response Training</i>	
<i>HazMat Operations for Chemicals used in Data Cooling Systems</i>	
<i>Technical Rescue and HazMat Training for 24/7 Readiness</i>	
Housing Rehabilitation / Backfilling PILOT	400,000
Façade Grants through EDC	100,000
Neighborhood Grants	100,000
Total Proposed Uses:	<u><u>1,000,000</u></u>

BUDGETARY EXPLANATION

The Deep Green Data Proposal is projected to result in an additional \$1 million of revenues to the City of Lansing. The proposed budget recommends the following additional appropriations to be made contingent on project approval.

PROJECT NOVA

- Creation of a rapid rehousing community, strengthened by community input and County support.
- Designed to address homelessness by providing 50 housing pods and a resource center to offer targeted services.
- Implementing the recommendations of the City’s homelessness study “Lansing’s Path Forward”.

HUMAN RELATIONS AND COMMUNITY SERVICES CITY OF LANSING, MICHIGAN

Delveta Moses, Interim Director

124 W. Michigan Avenue, 4th Floor, Lansing MI 48933 | HRCSGeneral@lansingmi.gov | (517) 483-4002

PROJECT NOVA LANSING HOUSING INITIATIVE

	FY 2027 Proposed Funding
RESOURCES	
Ingham County Grant	600,000
Homeless Donations	43,987
Agency Funds through FY 2026	982,395
Agency Funds from FY 2027	324,518
Capital Contribution	1,025,000
Total Resources	<u>2,975,900</u>
USES	
<u>One Time</u>	
Acquisition and Delivery	610,900
Construction Costs	1,315,000
One-Time Costs	<u>1,925,900</u>
<u>Operations</u>	
Annualized Operations Cost	800,000
Less Partial Year Start Date	(200,000)
Contingency or Year 2	450,000
	<u>600,000</u>
Total Expenditures	<u>2,975,900</u>

BUDGETARY EXPLANATION

The HRCS Department will also be leading the Project NOVA Lansing Housing Initiative, with operating funds supported through Basic Human Services funding, outside contributions, and various partnerships.

COMMUNITY RECREATION CENTER SURVEY

- The City of Lansing Parks and Recreation Department is exploring the potential for a future community recreation center and wants your input
- Survey open until April 25, 2026
- <https://survey.zohopublic.com/zs/bDDFue>



INFORMATION TECHNOLOGY

CITY OF LANSING, MICHIGAN

Jason Hogan, Chief Information Officer

201 North Grand Avenue, Lansing MI 48933 | jason.hogan@lansingmi.gov | (517) 483-4242

MISSION

Information Technology (IT) operates and maintains city run and hosted software applications, technology infrastructure, helpdesk support for city staff working onsite and remote, telecommunications, and security for software, hardware & infrastructure.

PROGRAMS AND SERVICES

Enterprise Cyber Security	Securing City of Lansing information technology environment including training city staff in safe cyber security practices.
Internal Communications	All City of Lansing Internal Communication, i.e. thehub.lansingmi.gov , email services that power internal city communications, security compliance updates and deficiencies and more.
Procurement and Vendor Management	Manages Information Technology vendor relationships. Identifies solutions and potential vendors. Includes price negotiation, scheduling, contract review, and leveraging their relationships to support end users needs. Includes contract compliance, execution, and support.
Technology Project Management	Working with City of Lansing departments to identify needs, define requirements, identify solutions, and select solutions, products, and services. Coordinate implementation. Includes IT Governance.
Data Analytics	Aggregating and presenting data to decision makers for analysis.
Enterprise Application Support Helpdesk Support	Maintenance and support for all enterprise city applications. End user computing support of new and existing technology throughout the city.
Disaster Recovery/Business Continuity	Ensure citywide information technology redundancy and availability.
Infrastructure Management	24/7 Monitoring, Building, and Maintaining IT infrastructure across the City of Lansing
Telecommunications	Supports wired and wireless telecommunications across the City of Lansing.

INFORMATION TECHNOLOGY

CITY OF LANSING, MICHIGAN

Jason Hogan, Chief Information Officer

201 North Grand Avenue, Lansing MI 48933 | jason.hogan@lansingmi.gov | (517) 483-4242

APPROPRIATION SUMMARY

	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2026 Amended Budget	FY 2027 Proposed Budget	Percent Change
<u>Department Appropriation</u>					
Personnel					
Active Personnel	1,749,165	1,661,354	1,661,354	1,782,040	7.3%
Retirement/Fixed Benefits	669,283	671,494	671,494	753,060	12.1%
Total Personnel	2,418,448	2,332,848	2,332,848	2,535,100	8.7%
Operating					
Department Operating	5,074,540	6,057,246	6,057,246	7,012,400	15.8%
Indirect Costs	84,379	171,363	171,363	113,300	-33.9%
Employee Parking	22,889	23,100	23,100	22,400	-3.0%
Property Maintenance	-	-	-	200,000	
Insurance & Bonds	22,187	45,443	45,443	33,800	-25.6%
Total Operating	5,203,995	6,297,152	6,297,152	7,381,900	17.2%
Capital	1,134,015	235,000	235,000	250,000	6.4%
Total Expenditures	8,801,941	8,865,000	8,865,000	10,167,000	14.7%

ALLOCATION BASIS

Department-specific software and other costs are charged directly when attributable with the remaining portion allocated in two parts: other half allocated by the number of personnel covered by IT services in each department, and the other half allocated by the number of devices.

SUMMARY OF CHANGES

The Budget for IT incorporates the increased cost of software and services, with department specific requests charged directly. FY 2027 includes significant increase in cost to BS&A, VMWare, and Microsoft services. FY 2027 also includes removal of utility expenses and reduction of indirect costs for expenses now covered under the City-Wide Property Maintenance Charge (as explained further in the Public Service Department).

ASSESSING DEPARTMENT CITY OF LANSING, MICHIGAN

Jennifer Czeiszperger, Assessor, MMAO

124 W Michigan Ave, 3rd Floor, Lansing MI 48933 | assessor@lansingmi.gov | (517) 483-7624

MISSION

Provide a system of fair and equitable assessment that is in compliance with state law, local ordinance and State Tax Commission guidance.

PROGRAMS AND SERVICES

Real Property Valuation	Listing, description, and valuation of all property within the city and determine the correct assessed and taxable value for the annual tax rolls.
Personal Property Valuation	Listing and valuation of all furniture, fixture, equipment owned by businesses.
Maintain Owner and Legal Description Information	Maintain listing of information for all property in the city including ownership information, changes in ownership, Principal Residence Exemptions, veterans' exemptions, general property tax exemptions, and personal property exemptions.
Exemption Requests	Review and respond to property tax exemption requests.
Prepare Special Assessments Roll	Create and defend any special assessments.
Incentive Monitoring	Review of tax incentive applications and monitoring of existing approved incentives including Industrial Facilities, Neighborhood Enterprise Zones, and Obsolete Parcel Rehabilitation Act properties.
Incentive Tracking and Invoicing Support	Invoicing for Payment in Lieu of Taxes (PILOT). Tracking Tax Increment Finance Authority (TIFA), Brownfield Developments, OPRA Accounts. Providing information for Principal Shopping District assessments.
Incentive Reporting	Complete Industrial Facilities Act, Obsolete Property Rehabilitation Act reports for State of Michigan compliance.

ASSESSING DEPARTMENT CITY OF LANSING, MICHIGAN

Jennifer Czeiszperger, Assessor, MMAO

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APPROPRIATION SUMMARY

	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2026 Amended Budget	FY 2027 Proposed Budget	Percent Change
<u>Department Appropriation</u>					
Personnel					
Active Personnel	838,417	1,150,329	1,150,329	1,197,639	4.1%
Retirement/Fixed Benefits	392,156	453,847	453,847	482,961	6.4%
Total Personnel	1,230,573	1,604,176	1,604,176	1,680,600	4.8%
Operating					
Department Operating	66,483	122,000	122,000	98,000	-19.7%
City 311 Support	-	-	-	39,100	
Employee Parking	12,229	12,000	12,000	12,000	0.0%
Information Technology	80,274	93,353	93,353	120,000	28.5%
Property Maintenance	-	-	-	78,800	
Insurance & Bonds	11,676	23,915	23,915	17,800	-25.6%
Total Operating	170,662	251,268	251,268	365,700	45.5%
Total Expenditures	1,401,235	1,855,444	1,855,444	2,046,300	10.3%

SUMMARY OF CHANGES

Changes included with the Assessing Department's budget include the addition of Pivot Point software as a direct charge through Information Technology, and the removal of City Hall Utility expenses now covered under the City-Wide Property Maintenance Charge (as explained further in the Public Service Department).

GL Number	FUND DESC	APP DESC	DIV DESC	DETAIL DESC	Description	FY25 Actual	FY26 Original	FY26 Amended	FY27 Proposed
101-172400-801000	GENERAL FUND	CITY CLERK'S OFFICE	CITY CLERK'S OFFICE	OPERATING	CONTRACTUAL SERVICES	48,401	57,000	57,000	50,000
101-172400-851110	GENERAL FUND	CITY CLERK'S OFFICE	CITY CLERK'S OFFICE	OPERATING	UTILITIES - CITY HALL	6,629	29,500	29,500	-
101-172400-851200	GENERAL FUND	CITY CLERK'S OFFICE	CITY CLERK'S OFFICE	OPERATING	TELEPHONE	5,954	7,000	7,000	7,000
101-172400-941100	GENERAL FUND	CITY CLERK'S OFFICE	CITY CLERK'S OFFICE	OPERATING	BUILDING RENTAL	68,734	29,600	29,600	-
101-172400-956000	GENERAL FUND	CITY CLERK'S OFFICE	CITY CLERK'S OFFICE	OPERATING	MISCELLANEOUS OPERATING	214,580	175,000	124,000	125,000
101-172400-956010	GENERAL FUND	CITY CLERK'S OFFICE	CITY CLERK'S OFFICE	OPERATING	REIMBURSED ELECTIONS	1,803	75,000	75,000	100,000
101-172400-956100	GENERAL FUND	CITY CLERK'S OFFICE	CITY CLERK'S OFFICE	OPERATING	POSTAGE	-	-	51,000	50,000
101-172400-956200	GENERAL FUND	CITY CLERK'S OFFICE	CITY CLERK'S OFFICE	OPERATING	PROMOTION	14,774	15,000	15,000	15,000
101-172400-956500	GENERAL FUND	CITY CLERK'S OFFICE	CITY CLERK'S OFFICE	OPERATING	ADVERTISING/PUBLISHING	9,057	20,000	20,000	20,000
101-172400-801311	GENERAL FUND	CITY CLERK'S OFFICE	CITY CLERK'S OFFICE	CITY 311 SUPPORT	CITY 311 SERVICES ALLOC	223,310	131,490	131,490	126,700
101-172400-715100	GENERAL FUND	CITY CLERK'S OFFICE	CITY CLERK'S OFFICE	EMPLOYEE PARKING	PARKING SUBSIDY	11,136	13,500	13,500	8,500
101-172400-801720	GENERAL FUND	CITY CLERK'S OFFICE	CITY CLERK'S OFFICE	INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY ALLOC	96,798	111,831	111,831	124,400
101-172400-801631	GENERAL FUND	CITY CLERK'S OFFICE	CITY CLERK'S OFFICE	PROPERTY MAINT	PROPERTY MAINT ALLOC	-	-	-	182,200
101-172400-941200	GENERAL FUND	CITY CLERK'S OFFICE	CITY CLERK'S OFFICE	CITY EQUIPMENT RENTAL	CITY EQUIPMENT RENTAL (CHARGE)	-	-	-	2,800
101-172400-958000	GENERAL FUND	CITY CLERK'S OFFICE	CITY CLERK'S OFFICE	INSURANCE & BONDS	INSURANCE & BONDS	13,139	26,911	26,911	20,000
		CITY CLERK'S OFFICE				1,930,329	1,814,391	1,814,391	2,219,900
101-112120-702000	GENERAL FUND	INTERNAL AUDIT	INTERNAL AUDIT	PERSONNEL	SALARIES	84,952	131,830	131,830	120,462
101-112120-715400	GENERAL FUND	INTERNAL AUDIT	INTERNAL AUDIT	PERSONNEL	PAYROLL FRINGES	28,028	36,144	36,144	25,825
101-112120-715300	GENERAL FUND	INTERNAL AUDIT	INTERNAL AUDIT	RETIREMENT/FIXED BENEFITS	RETIREMENT/CITY FRINGES	65,199	70,478	70,478	66,913
101-112120-851200	GENERAL FUND	INTERNAL AUDIT	INTERNAL AUDIT	OPERATING	TELEPHONE	-	500	500	500
101-112120-956000	GENERAL FUND	INTERNAL AUDIT	INTERNAL AUDIT	OPERATING	MISCELLANEOUS OPERATING	-	500	500	500
101-112120-957000	GENERAL FUND	INTERNAL AUDIT	INTERNAL AUDIT	OPERATING	TRAINING	-	-	-	500
101-112120-801720	GENERAL FUND	INTERNAL AUDIT	INTERNAL AUDIT	INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY ALLOC	6,704	7,881	7,881	8,500
101-112120-801631	GENERAL FUND	INTERNAL AUDIT	INTERNAL AUDIT	PROPERTY MAINT	PROPERTY MAINT ALLOC	-	-	-	18,100
101-112120-958000	GENERAL FUND	INTERNAL AUDIT	INTERNAL AUDIT	INSURANCE & BONDS	INSURANCE & BONDS	632	1,295	1,295	900
		INTERNAL AUDIT				185,515	248,628	248,628	242,200
101-172730-702000	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	PERSONNEL	SALARIES	933,193	1,098,942	1,098,942	1,144,522
101-172730-707000	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	PERSONNEL	TEMPORARY HELP	87,166	10,000	10,000	10,000
101-172730-708000	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	PERSONNEL	OVERTIME - SALARY	12,747	-	-	8,000
101-172730-712000	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	PERSONNEL	LONGEVITY	7,000	7,500	7,500	6,000
101-172730-715400	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	PERSONNEL	PAYROLL FRINGES	289,396	364,116	364,116	361,024
101-172730-801050	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	PERSONNEL	TEMPORARY HELP-CONTRACTUAL	90,889	-	-	-
101-172730-715300	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	RETIREMENT/FIXED BENEFITS	RETIREMENT/CITY FRINGES	638,226	598,468	598,468	644,654
101-172730-742000	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	OPERATING	SUPPLIES	453	-	-	-
101-172730-801000	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	OPERATING	CONTRACTUAL SERVICES	36,378	50,000	50,000	35,000
101-172730-851110	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	OPERATING	UTILITIES - CITY HALL	2,483	32,000	32,000	-
101-172730-851200	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	OPERATING	TELEPHONE	4,800	5,000	5,000	5,000
101-172730-956000	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	OPERATING	MISCELLANEOUS OPERATING	114,559	75,000	75,000	70,000
101-172730-956100	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	OPERATING	POSTAGE	74,699	65,000	65,000	65,000
101-172730-956401	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	OPERATING	PRINTING & FORMS	9,116	30,000	30,000	30,000
101-172730-957000	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	OPERATING	TRAINING	727	6,000	6,000	10,000
101-172730-801311	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	CITY 311 SUPPORT	CITY 311 SERVICES ALLOC	461,694	436,701	436,701	457,900
101-172730-715100	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	EMPLOYEE PARKING	PARKING SUBSIDY	22,080	22,400	22,400	25,000
101-172730-801720	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY ALLOC	253,810	255,706	255,706	315,400
101-172730-801631	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	PROPERTY MAINT	PROPERTY MAINT ALLOC	-	-	-	97,600
101-172730-958000	GENERAL FUND	TREASURY/INCOME TAX	TREASURY/INCOME TAX	INSURANCE & BONDS	INSURANCE & BONDS	15,022	30,767	30,767	22,900
		TREASURY/INCOME TAX				3,054,438	3,087,600	3,087,600	3,308,000
101-172720-702000	GENERAL FUND	ASSESSING	ASSESSING	PERSONNEL	SALARIES	578,094	837,713	837,713	861,151
101-172720-706300	GENERAL FUND	ASSESSING	ASSESSING	PERSONNEL	WAGES - BOARD OF REVIEW	2,175	3,000	3,000	3,000
101-172720-707000	GENERAL FUND	ASSESSING	ASSESSING	PERSONNEL	TEMPORARY HELP	82,180	75,000	75,000	75,000
101-172720-708000	GENERAL FUND	ASSESSING	ASSESSING	PERSONNEL	OVERTIME - SALARY	519	300	300	300
101-172720-712000	GENERAL FUND	ASSESSING	ASSESSING	PERSONNEL	LONGEVITY	3,000	3,500	3,500	4,000
101-172720-715400	GENERAL FUND	ASSESSING	ASSESSING	PERSONNEL	PAYROLL FRINGES	166,448	230,816	230,816	254,188
101-172720-801050	GENERAL FUND	ASSESSING	ASSESSING	PERSONNEL	TEMPORARY HELP-CONTRACTUAL	6,001	-	-	-
101-172720-715300	GENERAL FUND	ASSESSING	ASSESSING	RETIREMENT/FIXED BENEFITS	RETIREMENT/CITY FRINGES	392,156	453,847	453,847	482,961
101-172720-851110	GENERAL FUND	ASSESSING	ASSESSING	OPERATING	UTILITIES - CITY HALL	2,979	25,000	25,000	-
101-172720-851200	GENERAL FUND	ASSESSING	ASSESSING	OPERATING	TELEPHONE	2,678	4,000	4,000	10,000
101-172720-956000	GENERAL FUND	ASSESSING	ASSESSING	OPERATING	MISCELLANEOUS OPERATING	56,365	85,000	49,000	44,000
101-172720-956100	GENERAL FUND	ASSESSING	ASSESSING	OPERATING	POSTAGE	-	-	36,000	36,000
101-172720-956840	GENERAL FUND	ASSESSING	ASSESSING	OPERATING	TRANSPORTATION	1,931	3,000	3,000	3,000
101-172720-957000	GENERAL FUND	ASSESSING	ASSESSING	OPERATING	TRAINING	2,530	5,000	5,000	5,000
101-172720-801311	GENERAL FUND	ASSESSING	ASSESSING	CITY 311 SUPPORT	CITY 311 SERVICES ALLOC	-	-	-	39,100
101-172720-715100	GENERAL FUND	ASSESSING	ASSESSING	EMPLOYEE PARKING	PARKING SUBSIDY	12,229	12,000	12,000	12,000

GL Number	FUND DESC	APP DESC	DIV DESC	DETAIL DESC	Description	FY25 Actual	FY26 Original	FY26 Amended	FY27 Proposed
101-172720-801720	GENERAL FUND	ASSESSING	ASSESSING	INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY ALLOC	80,274	93,353	93,353	120,000
101-172720-801631	GENERAL FUND	ASSESSING	ASSESSING	PROPERTY MAINT	PROPERTY MAINT ALLOC	-	-	-	78,800
101-172720-958000	GENERAL FUND	ASSESSING	ASSESSING	INSURANCE & BONDS	INSURANCE & BONDS	11,676	23,915	23,915	17,800
		ASSESSING				1,401,235	1,855,444	1,855,444	2,046,300
101-172900-702000	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	PERSONNEL	SALARIES	1,075,209	1,494,064	1,494,064	1,468,717
101-172900-707000	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	PERSONNEL	TEMPORARY HELP	166,132	75,000	75,000	75,000
101-172900-712000	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	PERSONNEL	LONGEVITY	2,900	3,000	3,000	2,900
101-172900-715400	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	PERSONNEL	PAYROLL FRINGES	267,247	364,234	364,234	376,227
101-172900-801050	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	PERSONNEL	TEMPORARY HELP-CONTRACTUAL	15,838	-	-	-
101-172900-715300	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	RETIREMENT/FIXED BENEFITS	RETIREMENT/CITY FRINGES	640,214	770,917	770,917	782,956
101-172900-801000	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	OPERATING	CONTRACTUAL SERVICES	14,513	-	-	-
101-172900-851110	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	OPERATING	UTILITIES - CITY HALL	2,979	31,000	31,000	-
101-172900-851200	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	OPERATING	TELEPHONE	11,817	10,000	10,000	12,000
101-172900-956000	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	OPERATING	MISCELLANEOUS OPERATING	34,223	25,000	25,000	25,000
101-172900-956700	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	OPERATING	CLAIMS & JUDGEMENTS	1,858	-	-	-
101-172900-956883	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	OPERATING	LIBRARY	56,436	52,000	52,000	55,000
101-172900-956889	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	OPERATING	COURT FILING FEES & COSTS	4,656	2,000	2,000	5,000
101-172900-957000	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	OPERATING	TRAINING	5,803	13,000	13,000	10,000
101-172900-715100	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	EMPLOYEE PARKING	PARKING SUBSIDY	24,550	25,900	25,900	20,000
101-172900-801720	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY ALLOC	113,479	131,475	131,475	146,000
101-172900-801631	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	PROPERTY MAINT	PROPERTY MAINT ALLOC	-	-	-	262,800
101-172900-958000	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	INSURANCE & BONDS	INSURANCE & BONDS	19,853	40,662	40,662	30,300
		CITY ATTORNEY'S OFFICE				2,457,707	3,038,252	3,038,252	3,271,900
101-172800-702000	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	PERSONNEL	SALARIES	968,063	1,092,593	1,092,593	1,082,028
101-172800-706000	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	PERSONNEL	HOURLY WAGES	2,106	-	-	-
101-172800-707000	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	PERSONNEL	TEMPORARY HELP	129,212	80,000	80,000	80,000
101-172800-708000	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	PERSONNEL	OVERTIME - SALARY	13,050	10,000	10,000	10,000
101-172800-712000	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	PERSONNEL	LONGEVITY	6,400	5,805	5,805	6,500
101-172800-715400	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	PERSONNEL	PAYROLL FRINGES	239,809	286,302	286,302	299,091
101-172800-801050	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	PERSONNEL	TEMPORARY HELP-CONTRACTUAL	40,350	-	-	-
101-172800-715300	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	RETIREMENT/FIXED BENEFITS	RETIREMENT/CITY FRINGES	500,200	589,230	589,230	602,681
101-172800-701666	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	OPERATING	RESIDENCY INCENTIVE PROGRAM	13,475	25,000	25,000	25,000
101-172800-801000	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	OPERATING	CONTRACTUAL SERVICES	179,938	180,000	180,000	180,000
101-172800-801500	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	OPERATING	MEDICAL SERVICES	82,823	90,000	90,000	90,000
101-172800-851110	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	OPERATING	UTILITIES - CITY HALL	1,986	21,000	21,000	-
101-172800-851200	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	OPERATING	TELEPHONE	10,792	5,000	5,000	10,500
101-172800-956000	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	OPERATING	MISCELLANEOUS OPERATING	104,919	75,000	70,200	73,000
101-172800-956100	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	OPERATING	POSTAGE	-	-	4,800	2,000
101-172800-956870	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	OPERATING	EMPLOYEE RECOGNITION	-	13,000	13,000	13,000
101-172800-957000	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	OPERATING	TRAINING	16,927	25,000	25,000	25,000
101-172800-715100	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	EMPLOYEE PARKING	PARKING SUBSIDY	35,068	25,400	25,400	35,000
101-172800-715200	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	EMPLOYEE PARKING	BUS SUBSIDY	931	2,000	2,000	2,000
101-172800-801720	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY ALLOC	123,941	145,702	145,702	199,100
101-172800-801631	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	PROPERTY MAINT	PROPERTY MAINT ALLOC	-	-	-	234,900
101-172800-958000	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	INSURANCE & BONDS	INSURANCE & BONDS	12,277	25,146	25,146	18,800
101-172801-957310	GENERAL FUND	HUMAN RESOURCES	LABOR RELATIONS	OPERATING	EDUCATION REIMB - TEAMSTER & E	-	1,000	1,000	1,000
101-172801-957320	GENERAL FUND	HUMAN RESOURCES	LABOR RELATIONS	OPERATING	EDUCATION REIMB - CCLP NS	700	500	500	500
101-172801-957330	GENERAL FUND	HUMAN RESOURCES	LABOR RELATIONS	OPERATING	EDUCATION REIMB - CCLP S	-	500	500	500
101-172801-957340	GENERAL FUND	HUMAN RESOURCES	LABOR RELATIONS	OPERATING	EDUCATION REIMB - UAW	3,005	5,100	5,100	5,100
101-172801-957350	GENERAL FUND	HUMAN RESOURCES	LABOR RELATIONS	OPERATING	EDUCATION REIMB - IAFF	9,183	9,000	9,000	9,000
		HUMAN RESOURCES				2,495,155	2,712,278	2,712,278	3,004,700
101-173901-701001	GENERAL FUND	NON-DEPARTMENTAL	NON-DEPARTMENTAL	VACANCY FACTOR	ESTIMATED ATTRITION	-	(1,500,000)	(1,500,000)	(1,500,000)
101-173901-941100	GENERAL FUND	NON-DEPARTMENTAL	NON-DEPARTMENTAL	SOUTH LANSING DISTRICT LIBRARY	BUILDING RENTAL	152,929	150,000	150,000	152,300
		NON-DEPARTMENTAL				152,929	(1,350,000)	(1,350,000)	(1,347,700)
101-132220-941100	GENERAL FUND	COURTS	CIRCUIT COURT	OPERATING	BUILDING RENTAL	448,716	360,000	360,000	400,000
710-132201-702000	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	PERSONNEL	SALARIES	2,425,603	2,634,447	2,634,447	2,687,535
710-132201-707000	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	PERSONNEL	TEMPORARY HELP	73,261	82,000	82,000	82,000
710-132201-708000	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	PERSONNEL	OVERTIME - SALARY	7,371	5,000	5,000	5,000
710-132201-712000	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	PERSONNEL	LONGEVITY	22,500	27,000	27,000	24,500
710-132201-715400	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	PERSONNEL	PAYROLL FRINGES	777,603	913,359	913,359	924,058
710-132201-715300	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	RETIREMENT/FIXED BENEFITS	RETIREMENT/CITY FRINGES	1,286,609	1,343,967	1,343,967	1,420,507
710-132201-742000	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	OPERATING	SUPPLIES	90,725	130,000	100,000	100,000
710-132201-801000	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	OPERATING	CONTRACTUAL SERVICES	131,000	135,000	135,000	135,000

OFFICE OF THE CITY ATTORNEY

CITY OF LANSING, MICHIGAN

Gregory S. Venker, City Attorney

124 W Michigan Ave, 5th Floor, Lansing, MI 48933 | cityatty@lansingmi.gov | (517) 483-4320

MISSION

The Office of the City Attorney provides legal services for the City of Lansing by representing the City and City interests in:

- Defending and prosecuting claims for and against the City;
- Representation of the City and officials in civil litigation;
- Prosecution of ordinance violations;
- Drafting and review of contracts and ordinances;
- Legal document preparation and review; and,
- Providing legal advice to the City Council, the Administration, and various boards and authorities.

All the foregoing are accomplished through the teamwork and expertise of the entire staff.

PROGRAMS AND SERVICES

Citizen and neighborhood complaints	Processing and resolving complaints referred by citizens or City Council.
Claims	Review, evaluate and administer claims against the City for miscellaneous personal injury, property damage and special assessments.
Employee related matters	Provide legal advice and drafting in employee related matters.
Freedom of Information Act (FOIA)	Coordinating and processing of all FOIA requests.
Legal Advice	Provide legal advice to the administration, City Clerk and City Council.
Resolution and ordinance drafting and review	Draft, review and approve as to form, all resolutions and ordinances.

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PROGRAMS AND SERVICES

Crime Victims Rights & Diversion Program	Keeping the victim apprised of all steps of the criminal proceedings. Diversion programs are sentencing programs for first time offenders.
Discovery demands	Process of providing information to opposing counsel.
Docket preparation	Setting the dockets for prosecution in 54A District Court.
Pre-Trials, Trials and Motions	Physical appearance in four District Courts.
Warrant review	Reviewing police reports and recommending charges.
Case preparation	Preparing all components of a case.
Civil litigation	Provide in-house representation in pending or active litigation.
Trial	Conduct of a civil trial.
Contract negotiations, drafting and review	Drafting, reviewing and negotiating of contracts and related documents.
Marijuana licensing legal support	Provide all legal services related to marijuana licensing.
Real estate development	Review and negotiate proposed real estate transactions.

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APPROPRIATION SUMMARY

	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2026 Amended Budget	FY 2027 Proposed Budget	Percent Change
<u>Department Appropriation</u>					
Personnel					
Active Personnel	1,527,326	1,936,298	1,936,298	1,922,844	-0.7%
Retirement/Fixed Benefits	640,214	770,917	770,917	782,956	1.6%
Total Personnel	2,167,540	2,707,215	2,707,215	2,705,800	-0.1%
Operating					
Department Operating	132,285	133,000	133,000	107,000	-19.5%
Employee Parking	24,550	25,900	25,900	20,000	-22.8%
Information Technology	113,479	131,475	131,475	146,000	11.0%
Property Maintenance	-	-	-	262,800	
Insurance & Bonds	19,853	40,662	40,662	30,300	-25.5%
Total Operating	290,167	331,037	331,037	566,100	71.0%
Total Expenditures	2,457,707	3,038,252	3,038,252	3,271,900	7.7%

SUMMARY OF CHANGES

No significant operational changes are included with the Office of the City Attorney's budget except the removal of City Hall Utility expenses now covered under the City-Wide Property Maintenance Charge (as explained further in the Public Service Department).

GL Number	FUND DESC	APP DESC	DIV DESC	DETAIL DESC	Description	FY25 Actual	FY26 Original	FY26 Amended	FY27 Proposed
101-172720-801720	GENERAL FUND	ASSESSING	ASSESSING	INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY ALLOC	80,274	93,353	93,353	120,000
101-172720-801631	GENERAL FUND	ASSESSING	ASSESSING	PROPERTY MAINT	PROPERTY MAINT ALLOC	-	-	-	78,800
101-172720-958000	GENERAL FUND	ASSESSING	ASSESSING	INSURANCE & BONDS	INSURANCE & BONDS	11,676	23,915	23,915	17,800
		ASSESSING				1,401,235	1,855,444	1,855,444	2,046,300
101-172900-702000	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	PERSONNEL	SALARIES	1,075,209	1,494,064	1,494,064	1,468,717
101-172900-707000	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	PERSONNEL	TEMPORARY HELP	166,132	75,000	75,000	75,000
101-172900-712000	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	PERSONNEL	LONGEVITY	2,900	3,000	3,000	2,900
101-172900-715400	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	PERSONNEL	PAYROLL FRINGES	267,247	364,234	364,234	376,227
101-172900-801050	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	PERSONNEL	TEMPORARY HELP-CONTRACTUAL	15,838	-	-	-
101-172900-715300	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	RETIREMENT/FIXED BENEFITS	RETIREMENT/CITY FRINGES	640,214	770,917	770,917	782,956
101-172900-801000	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	OPERATING	CONTRACTUAL SERVICES	14,513	-	-	-
101-172900-851110	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	OPERATING	UTILITIES - CITY HALL	2,979	31,000	31,000	-
101-172900-851200	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	OPERATING	TELEPHONE	11,817	10,000	10,000	12,000
101-172900-956000	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	OPERATING	MISCELLANEOUS OPERATING	34,223	25,000	25,000	25,000
101-172900-956700	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	OPERATING	CLAIMS & JUDGEMENTS	1,858	-	-	-
101-172900-956883	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	OPERATING	LIBRARY	56,436	52,000	52,000	55,000
101-172900-956889	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	OPERATING	COURT FILING FEES & COSTS	4,656	2,000	2,000	5,000
101-172900-957000	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	OPERATING	TRAINING	5,803	13,000	13,000	10,000
101-172900-715100	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	EMPLOYEE PARKING	PARKING SUBSIDY	24,550	25,900	25,900	20,000
101-172900-801720	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY ALLOC	113,479	131,475	131,475	146,000
101-172900-801631	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	PROPERTY MAINT	PROPERTY MAINT ALLOC	-	-	-	262,800
101-172900-958000	GENERAL FUND	CITY ATTORNEY'S OFFICE	CITY ATTORNEY'S OFFICE	INSURANCE & BONDS	INSURANCE & BONDS	19,853	40,662	40,662	30,300
		CITY ATTORNEY'S OFFICE				2,457,707	3,038,252	3,038,252	3,271,900
101-172800-702000	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	PERSONNEL	SALARIES	968,063	1,092,593	1,092,593	1,082,028
101-172800-706000	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	PERSONNEL	HOURLY WAGES	2,106	-	-	-
101-172800-707000	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	PERSONNEL	TEMPORARY HELP	129,212	80,000	80,000	80,000
101-172800-708000	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	PERSONNEL	OVERTIME - SALARY	13,050	10,000	10,000	10,000
101-172800-712000	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	PERSONNEL	LONGEVITY	6,400	5,805	5,805	6,500
101-172800-715400	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	PERSONNEL	PAYROLL FRINGES	239,809	286,302	286,302	299,091
101-172800-801050	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	PERSONNEL	TEMPORARY HELP-CONTRACTUAL	40,350	-	-	-
101-172800-715300	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	RETIREMENT/FIXED BENEFITS	RETIREMENT/CITY FRINGES	500,200	589,230	589,230	602,681
101-172800-701666	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	OPERATING	RESIDENCY INCENTIVE PROGRAM	13,475	25,000	25,000	25,000
101-172800-801000	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	OPERATING	CONTRACTUAL SERVICES	179,938	180,000	180,000	180,000
101-172800-801500	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	OPERATING	MEDICAL SERVICES	82,823	90,000	90,000	90,000
101-172800-851110	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	OPERATING	UTILITIES - CITY HALL	1,986	21,000	21,000	-
101-172800-851200	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	OPERATING	TELEPHONE	10,792	5,000	5,000	10,500
101-172800-956000	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	OPERATING	MISCELLANEOUS OPERATING	104,919	75,000	70,200	73,000
101-172800-956100	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	OPERATING	POSTAGE	-	-	4,800	2,000
101-172800-956870	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	OPERATING	EMPLOYEE RECOGNITION	-	13,000	13,000	13,000
101-172800-957000	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	OPERATING	TRAINING	16,927	25,000	25,000	25,000
101-172800-715100	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	EMPLOYEE PARKING	PARKING SUBSIDY	35,068	25,400	25,400	35,000
101-172800-715200	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	EMPLOYEE PARKING	BUS SUBSIDY	931	2,000	2,000	2,000
101-172800-801720	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY ALLOC	123,941	145,702	145,702	199,100
101-172800-801631	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	PROPERTY MAINT	PROPERTY MAINT ALLOC	-	-	-	234,900
101-172800-958000	GENERAL FUND	HUMAN RESOURCES	HUMAN RESOURCES	INSURANCE & BONDS	INSURANCE & BONDS	12,277	25,146	25,146	18,800
101-172801-957310	GENERAL FUND	HUMAN RESOURCES	LABOR RELATIONS	OPERATING	EDUCATION REIMB - TEAMSTER & E	-	1,000	1,000	1,000
101-172801-957320	GENERAL FUND	HUMAN RESOURCES	LABOR RELATIONS	OPERATING	EDUCATION REIMB - CCLP NS	700	500	500	500
101-172801-957330	GENERAL FUND	HUMAN RESOURCES	LABOR RELATIONS	OPERATING	EDUCATION REIMB - CCLP S	-	500	500	500
101-172801-957340	GENERAL FUND	HUMAN RESOURCES	LABOR RELATIONS	OPERATING	EDUCATION REIMB - UAW	3,005	5,100	5,100	5,100
101-172801-957350	GENERAL FUND	HUMAN RESOURCES	LABOR RELATIONS	OPERATING	EDUCATION REIMB - IAFF	9,183	9,000	9,000	9,000
		HUMAN RESOURCES				2,495,155	2,712,278	2,712,278	3,004,700
101-173901-701001	GENERAL FUND	NON-DEPARTMENTAL	NON-DEPARTMENTAL	VACANCY FACTOR	ESTIMATED ATTRITION	-	(1,500,000)	(1,500,000)	(1,500,000)
101-173901-941100	GENERAL FUND	NON-DEPARTMENTAL	NON-DEPARTMENTAL	SOUTH LANSING DISTRICT LIBRARY	BUILDING RENTAL	152,929	150,000	150,000	152,300
		NON-DEPARTMENTAL				152,929	(1,350,000)	(1,350,000)	(1,347,700)
101-132220-941100	GENERAL FUND	COURTS	CIRCUIT COURT	OPERATING	BUILDING RENTAL	448,716	360,000	360,000	400,000
710-132201-702000	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	PERSONNEL	SALARIES	2,425,603	2,634,447	2,634,447	2,687,535
710-132201-707000	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	PERSONNEL	TEMPORARY HELP	73,261	82,000	82,000	82,000
710-132201-708000	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	PERSONNEL	OVERTIME - SALARY	7,371	5,000	5,000	5,000
710-132201-712000	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	PERSONNEL	LONGEVITY	22,500	27,000	27,000	24,500
710-132201-715400	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	PERSONNEL	PAYROLL FRINGES	777,603	913,359	913,359	924,058
710-132201-715300	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	RETIREMENT/FIXED BENEFITS	RETIREMENT/CITY FRINGES	1,286,609	1,343,967	1,343,967	1,420,507
710-132201-742000	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	OPERATING	SUPPLIES	90,725	130,000	100,000	100,000
710-132201-801000	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	OPERATING	CONTRACTUAL SERVICES	131,000	135,000	135,000	135,000

LANSING POLICE DEPARTMENT

CITY OF LANSING, MICHIGAN

Robert Backus, Chief of Police

120 W. Michigan Avenue, Lansing MI 48933 | robert.backus@lansingmi.gov | (517) 483-6883

MISSION

The mission of the Lansing Police Department is to maintain order, preserve public safety and foster a better quality of life, making our city a better place to live, work and visit.

MAJOR DIVISIONS

Administration.....

The Administrative Services Division includes the Budget and Payroll Unit, Detention and Court Services Unit, Emergency Equipment Maintenance Unit (EEMU), the Property and Supply Unit and the Capital Area Response Effort (CARE) Team. This division also is responsible for all procedures and policies of the department.

Budget and Payroll Unit

The Budget and Payroll Unit is tasked with coordinating, assisting and reporting on the budget authorized for the Lansing Police Department.

Detention and Court Services Unit

The LPD Detention is an integral part of the 54-A District Court system. Together with the court administrative offices, defendants are detained prior to and after their court proceedings.

Property and Supply Unit

The Property & Supply Unit (PSU) is responsible for the secure preservation of Personal Property and Evidence acquired by the Lansing Police Department. PSU is the primary point of contact between the Department and Citizens looking to retrieve their belongings. The Property & Supply Unit is also the procurer of Uniforms, Gear and Supplies for LPD daily operations.

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MAJOR DIVISIONS

Administration (continued).....

Gang Resistance Education and Training Team

The Lansing Police Gang Resistance Education and Training (G.R.E.A.T.) Team works collaboratively with LPD's Community Services Unit, the Lansing School District (LSD) and other community stakeholders to increase the level of trust between the police and the community's youth. The G.R.E.A.T. Team's goal is to instill youth with necessary social skills that will enhance their ability to resist gang membership and promote high moral and civic standards.

Investigations Division.....

The Administrative Services Division includes the Budget and Payroll Unit, Detention and Court Services Unit, Emergency Equipment Maintenance Unit (EEMU), the Property and Supply Unit and the Capital Area Response Effort (CARE) Team. This division also is responsible for all procedures and policies of the department.

Special Operations Section (SOS)

The Special Operations Section, which includes the Violent Crime Initiative and the narcotics enforcement team, has primarily focused on preventing violence by identifying and disrupting the flow of illegal firearms and narcotics into our community, while also addressing quality-of-life and regulatory complaints.

Violent Crime Initiative (VCI)

VCI is a key component of the Capital Area Violent Crime Initiative, which pools resources from multiple law enforcement agencies (local, state, and federal) to reduce violent crime.

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MAJOR DIVISIONS

Investigations Division (continued).....

Capital Area Response Effort (Care) Team

CARE is the Lansing Police Department's Domestic Violence response and is staffed by a director, two advocates and volunteers. CARE responds to the scene to support survivors after an arrest has been made. In cases where no arrest was made, CARE contacts survivors and provides support and resources. CARE provides services from the time of the call all the way through the adjudication of the court case. They are funded by grants from the State of Michigan Department of Health and Human Services and the Michigan State Police.

Patrol Division.....

As an organization, we are committed to maintaining the trust and confidence of our community by working collaboratively with residents to address local challenges. These partnerships, built on mutual respect and open communication, are essential to maintaining the City of Lansing as a safe and welcoming place to live, work, and visit.

To ensure effective service and response, the city is divided into four patrol sectors, based on factors such as call volume, response times, and crime trends. Each sector is led by a designated Lieutenant and supported by a team of Sergeants and Officers from across three 10-hour shifts, all dedicated to proactive crime prevention and community engagement in their assigned areas.

ZenCity provides research into new Data-Driven Community Aligned Policing (DCAP) that is incorporated into the weekly Crime Meetings within the Patrol Division. Sector Lieutenants are provided with insight into how to further approach policing to meet external stakeholder expectations.

Special Events and Traffic Unit

The Special Events and Traffic Unit concentrates on traffic enforcement throughout the city, enforcing those areas that were of most concern to our citizens according to statistical data.

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MAJOR DIVISIONS

Patrol Division (continued).....

Social Worker Unit

This includes a Social Work supervisor and three Social Workers. Since January 2025, the social work unit has received 974 referrals for service and opened 207 cases to follow up on those referrals. Social workers have documented over 6,500 service notes, indicating contacts with clients and/or providers to connect clients with services and resources. They have also attended over 90 community meetings, assisted in the Lansing City Lockup 36 times, conducted 680 Welfare checks, and taken 37 PRT reports. The social workers continue to make a positive impact on the citizens of this community and assist the agency by helping individuals in crisis.

Lansing Crisis Assessment Team (LCAT)

The Lansing Police Department was awarded money through the Byrne Discretionary Grant award for a Lansing Crisis Assessment Team program. This program pairs a social worker and a Lansing police officer to respond to calls for individuals in crisis. To date, the program has resulted in 230 dispatched calls, 100 self-initiated calls, 310 provider contacts, 560 citizen contacts, and 60 reports.

PROGRAMS AND SERVICES

Property and Supply	Custodianship of all police evidence and civilian property
Detention	Provide the temporary incarceration, stay related care, and release of adult and juvenile detainees, twenty-four hours a day, seven days a week, for those arrested on court orders, local ordinance, state, and federal law.
54A District Court	Provide a secure, economically sound, and safe environment for lodging prisoners from the Ingham County Sheriff's Office transferred to LPD for trial, arraignment, motion hearings, or sentencing by the 54A District Courts.

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PROGRAMS AND SERVICES

Law Enforcement Information Network	Operate the Department's interface with the Law Enforcement Information Network (LEIN), which is used to send administrative messages to other Law Enforcement agencies across the State and Nation. Manage service counter needs. Manage Court Officer responsibilities.
Staff Services	Research, purchase, install, configure, repair, and perform ongoing preventative maintenance on critical communications, video surveillance, security, access control, and other electronic equipment which is used by the police and fire departments to provide public safety.
Staff Services	Provide research, technical systems recommendations, equipment replacement, high quality service, project implementation and management and rapid response to the communications and electronic equipment repair needs of the Lansing Police Department.
Central Records	Provide support for Patrol Division, Investigations Division, Administration and Customer Service to the public.
Central Records	Maintain SRMS, other LPD technology's and Online Crime Reporting. Ensure LPD is MICR compliant.
Technical Services/Recruiting	Provide necessary support to other workgroups and act as liaison to City Human Resources with regard to employee issues.
Technical Services/Recruiting	Plan, coordinate and implement Information Systems within the department.
Detective Bureau	The Detective Bureau is responsible for the investigation of all crimes against persons, property, and other felony, misdemeanor and ordinance crimes (non- drug offenses) occurring with our City.
Crime Scene Investigations	To solve crimes through crime scene processing, evidence collection and analysis.

LANSING POLICE DEPARTMENT

CITY OF LANSING, MICHIGAN

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COMBINED APPROPRIATION SUMMARY

	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2026 Amended Budget	FY 2027 Proposed Budget	Percent Change
<u>Department Appropriation</u>					
<u>General Fund</u>					
Department Operations	28,198,936	29,900,528	29,900,528	31,287,097	4.6%
Retirement/Fixed Benefits	21,999,723	23,101,462	23,651,462	23,913,203	3.5%
Employee Parking	79,013	64,300	64,300	40,000	-37.8%
Information Technology	3,142,641	3,196,135	3,196,135	3,721,400	16.4%
Property Maintenance	-	-	-	447,100	
City Equipment Rental	678,526	1,816,261	1,816,261	1,242,400	-31.6%
Insurance & Bonds	386,509	766,637	766,637	546,700	-28.7%
<u>Special Revenue Funds</u>					
Public Safety Revenue Sharing	-	2,224,999	1,828,000	1,714,000	-23.0%
Federal Forfeitures	587	160,000	160,000	500	-99.7%
State & Local Forfeitures	124,326	500	500	158,000	>200.0%
Tri-County Metro Task Force	442,375	646,500	646,500	641,000	-0.9%
Total Expenditures	55,052,636	61,877,322	62,030,323	63,711,400	3.0%

BUDGETARY EXPLANATION

\$4.3 million of the Lansing Police Department is funded by a voter-approved 1.5 mill property tax millage. Information for the Lansing Police Department's funds is provided in the following pages.

LANSING POLICE DEPARTMENT CITY OF LANSING, MICHIGAN

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GENERAL FUND

	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2026 Amended Budget	FY 2027 Proposed Budget	Percent Change
<u>Department Appropriation</u>					
Personnel					
Active Personnel	25,288,487	26,542,936	26,542,936	28,270,197	6.5%
Retirement/Fixed Benefits	21,999,723	23,101,462	23,651,462	23,913,203	3.5%
Total Personnel	47,288,210	49,644,398	50,194,398	52,183,400	5.1%
Operating					
Department Operating	2,902,672	3,357,592	3,357,592	3,016,900	-10.1%
Employee Parking	79,013	64,300	64,300	40,000	-37.8%
Information Technology	3,142,641	3,196,135	3,196,135	3,721,400	16.4%
Property Maintenance	-	-	-	447,100	
City Equipment Rental	678,526	1,816,261	1,816,261	1,242,400	-31.6%
Insurance & Bonds	386,509	766,637	766,637	546,700	-28.7%
Total Operating	7,189,361	9,200,925	9,200,925	9,014,500	-2.0%
Total Expenditures	54,477,571	58,845,323	59,395,323	61,197,900	4.0%

SUMMARY OF CHANGES

\$4.3 million of the Lansing Police Department General Fund budget is funded by a voter-approved 1.5 mill property tax millage. Changes to the FY 2027 budget

LANSING POLICE DEPARTMENT CITY OF LANSING, MICHIGAN

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PUBLIC SAFETY REVENUE SHARING FUND

	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2026 Amended Budget	FY 2027 Proposed Budget	Percent Change
<u>Department Appropriation</u>					
Personnel					
Active Personnel	-	842,465	524,525	340,457	-59.6%
Retirement/Fixed Benefits	-	788,378	513,958	465,043	-41.0%
Total Personnel	-	1,630,843	1,038,483	805,500	-50.6%
Operating					
Department Operating	-	253,000	-	3,500	-98.6%
Information Technology	-	97,500	97,500	59,700	-38.8%
City Equipment Rental	-	226,672	226,672	236,000	4.1%
Insurance & Bonds	-	45,000	18,000	15,300	-66.0%
Total Operating	-	622,172	342,172	314,500	-49.5%
Total Expenditures	-	2,253,015	1,380,655	1,120,000	-50.3%

SUMMARY OF CHANGES

Funds enacted in FY 2027 are now implemented, combining federal and local matching funds to hire 6 officers to a total sworn officer count of 218 in the Police Department. For more information on funding funding allocations, see the Public Safety Revenue Sharing Fund Summary.

LANSING POLICE DEPARTMENT CITY OF LANSING, MICHIGAN

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DRUG LAW ENFORCEMENT FEDERAL FUND

	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2026 Amended Budget	FY 2027 Proposed Budget	Percent Change
<u>Department Appropriation</u>					
Operating					
Department Operating	587	76,000	76,000	500	
Total Operating	<u>587</u>	<u>76,000</u>	<u>76,000</u>	<u>500</u>	-99.3%
Capital	-	84,000	84,000	-	-100.0%
Total Expenditures	<u><u>587</u></u>	<u><u>160,000</u></u>	<u><u>160,000</u></u>	<u><u>500</u></u>	-99.7%

SUMMARY OF CHANGES

The Police Department's Special Operations Section alternates its activities between Federal and State forfeiture funds.

LANSING POLICE DEPARTMENT

CITY OF LANSING, MICHIGAN

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DRUG LAW ENFORCEMENT STATE AND LOCAL FUND

	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2026 Amended Budget	FY 2027 Proposed Budget	Percent Change
<u>Department Appropriation</u>					
Operating					
Department Operating	74,567	500	500	73,200	
Total Operating	74,567	500	500	73,200	>200.0%
Capital	49,759	-	-	84,800	
Total Expenditures	124,326	500	500	158,000	>200.0%

SUMMARY OF CHANGES

The Police Department's Special Operations Section alternates its activities between Federal and State forfeiture funds.

LANSING POLICE DEPARTMENT CITY OF LANSING, MICHIGAN

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TRI-COUNTY METRO FUND

	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2026 Amended Budget	FY 2027 Proposed Budget	Percent Change
<u>Department Appropriation</u>					
Personnel					
Active Personnel	81,786	83,000	83,000	85,000	2.4%
Total Personnel	81,786	83,000	83,000	85,000	2.4%
Operating					
Department Operating	360,589	563,500	563,500	556,000	-1.3%
Total Operating	360,589	563,500	563,500	556,000	-1.3%
Total Expenditures	442,375	646,500	646,500	641,000	-0.9%

SUMMARY OF CHANGES

No operational changes are anticipated in the FY 2027 budget for the Tri-County Metro task force, with operating changes attributable to budgeting directly for annual rollovers of Counties' contributions.

LANSING FIRE DEPARTMENT

CITY OF LANSING, MICHIGAN

Carrie Edwards-Clemons, Fire Chief/Emergency Manager

120 E Shiawassee St, Lansing MI 48933 | carrie.edwards-clemons@lansingmi.gov | (517) 483-4565

MISSION

The Lansing Fire Department is dedicated to protecting the lives and property of the Lansing community. We pursue this mission by delivering exceptional, compassionate service while fostering a culture of pride, professionalism, and excellence.

MAJOR DIVISIONS

Administration.....

The Fire Administration Division funds and oversees the Fire Chief, two Assistant Chiefs, one Administrative Chief, one Financial Officer, and administrative support staff. The Fire Chief is responsible for implementing all policies, programs, and managing resources for the City's fire services. Additionally, the Fire Chief serves as the City's Emergency Manager, coordinating major events and overseeing disaster preparedness, mitigation, and response efforts.

Operations Division.....

The Operations Division funds firefighting personnel, apparatus, and facilities. Each shift includes a Battalion Chief, 8 Captains, 8 Engineers, and (with the proposed budget) 38 Firefighters. The division is responsible for fire suppression, emergency medical response, hazardous materials mitigation, technical rescue, water rescue, and vehicle extrication.

Prevention Division.....

The Prevention Division supports the Fire Marshal, five Inspectors, and an administrative specialist. Its responsibilities include inspecting new and existing occupancies, reviewing building plans, conducting public safety education programs, and overseeing the Juvenile Fire Watch program, investigating fires, and ensuring compliance with hazardous materials "right to-know" regulations.

Emergency Medical Services (EMS) Division.....

The EMS Operations Division funds the EMS Operations Chief, an EMS Captain, and an EMS Admin Technician. This division manages all licensing, quality assurance, quality improvement, and oversight of EMS regulatory matters.

LANSING FIRE DEPARTMENT

CITY OF LANSING, MICHIGAN

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MAJOR DIVISIONS

Training Division.....

The Fire Training Division supports the Chief of Training, three Training Captains, and a Secretary. Maintaining highly trained personnel is essential to the department's effectiveness. The training program covers firefighting, medical response, rescue operations, hazardous materials, personnel safety, terrorism response, and related emergency services.

Emergency Management Division.....

The Emergency Management Division funds a Division Chief, Emergency Management Captain, Community Hazard Mitigation Specialist, and two Regional Planners. This division coordinates the City's emergency planning efforts and assists all City departments with Continuity of Operations Planning and public event management. Approximately 20% of the division's budget is supported through grants.

Logistics Division.....

The Logistics Division, which includes maintenance and alarm operations, ensures the department's logistical needs are met. The Logistics Chief oversees two Logistics Captains, a contract employee, and a Secretary to manage the Department's supply chain, equipment and facility maintenance, and equipment testing services.

PROGRAMS AND SERVICES

Community Hazard Mitigation	All Hazard Mitigation planning.
Community Preparedness	Community level preparedness and planning for all hazard events.
Disaster Response	Response to all hazard disasters within the City of Lansing.
Fire Marshal Fire Code Plan Review	Reviews all systems to ensure performance of fire operations and compliance with IFC fire code.
NFPA 1582 Annual Physical Examinations	National Fire Protection Association 1582 recommends annual physical exams for firefighters to include cancer screens.

LANSING FIRE DEPARTMENT

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PROGRAMS AND SERVICES

Fire Marshal Community Risk Reduction	Proactive approach to identifying, prioritizing, and mitigating risk within the Lansing community to enhance safety and build resilience to risk.
Fire Marshal Fire Inspections	Life Safety inspections for existing occupancy/assemblies.
Fire Marshal Fire Investigations	Investigation of all fires for Cause and Determination required by PA207 of 1941
Grant Management	Sourcing, applying, and administering multiple Federal, State and Private grants for a large variety of Fire Department and Community programs.
LEXIPOL, LLC	Annual Policy and Procedure Manual Development Platform. This process monitors changes and trends in legislation, case law and best practices and uses this knowledge to create policies, training, wellness resources that minimizes liability risk.
PSTrax	Comprehensive web-based inventory and asset management software platform.
Special Events	Large Scale indoor and outdoor event planning and management.

GL Number	FUND DESC	APP DESC	DIV DESC	DETAIL DESC	Description	FY25 Actual	FY26 Original	FY26 Amended	FY27 Proposed
710-132201-851110	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	OPERATING	UTILITIES - CITY HALL	8,441	91,130	91,130	-
710-132201-851200	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	OPERATING	TELEPHONE	24,778	12,500	12,500	25,000
710-132201-956000	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	OPERATING	MISCELLANEOUS OPERATING	123,965	140,000	140,000	140,000
710-132201-956100	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	OPERATING	POSTAGE	-	-	30,000	30,000
710-132201-956882	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	OPERATING	WITNESS/JURY FEES	35,591	30,000	30,000	45,000
710-132201-956883	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	OPERATING	LIBRARY	4,631	8,000	8,000	8,000
710-132201-957000	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	OPERATING	TRAINING	-	5,000	5,000	5,000
710-132210-956000	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	OPERATING	MISCELLANEOUS OPERATING	172	-	-	-
710-132201-715100	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	EMPLOYEE PARKING	PARKING SUBSIDY	48,049	45,700	45,700	52,300
710-132201-801720	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY ALLOC	416,558	489,696	489,696	488,400
710-132201-801631	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	PROPERTY MAINT	PROPERTY MAINT ALLOC	-	-	-	121,500
710-132201-958000	GENERAL FUND	COURTS	DISTRICT COURT OPERATIONS	INSURANCE & BONDS	INSURANCE & BONDS	50,976	91,501	91,501	68,200
710-132202-801000	GENERAL FUND	COURTS	DISTRICT COURT SECURITY	OPERATING	CONTRACTUAL SERVICES	99,023	110,000	110,000	110,000
710-132215-956000	GENERAL FUND	COURTS	DRUG COURT	OPERATING	MISCELLANEOUS OPERATING	2,720	2,200	2,200	2,500
710-132215-957000	GENERAL FUND	COURTS	DRUG COURT	OPERATING	TRAINING	-	500	500	500
		COURTS				6,078,292	6,657,000	6,657,000	6,875,500
101-343201-702000	GENERAL FUND	POLICE	ADMINISTRATION	PERSONNEL	SALARIES	895,390	986,463	986,463	1,031,495
101-343201-702302	GENERAL FUND	POLICE	ADMINISTRATION	PERSONNEL	SHIFT PREMIUM	-	250	250	100
101-343201-707000	GENERAL FUND	POLICE	ADMINISTRATION	PERSONNEL	TEMPORARY HELP	56,937	-	-	-
101-343201-708000	GENERAL FUND	POLICE	ADMINISTRATION	PERSONNEL	OVERTIME - SALARY	37,496	13,000	13,000	9,200
101-343201-711000	GENERAL FUND	POLICE	ADMINISTRATION	PERSONNEL	SICK LEAVE	2,187	-	-	-
101-343201-712000	GENERAL FUND	POLICE	ADMINISTRATION	PERSONNEL	LONGEVITY	6,400	7,200	7,200	9,700
101-343201-715400	GENERAL FUND	POLICE	ADMINISTRATION	PERSONNEL	PAYROLL FRINGES	171,631	211,869	211,869	199,766
101-343201-717200	GENERAL FUND	POLICE	ADMINISTRATION	PERSONNEL	ALLOWANCE - CLOTHING	17,261	17,075	17,075	17,100
101-343201-717300	GENERAL FUND	POLICE	ADMINISTRATION	PERSONNEL	ALLOWANCE - DRYCLEAN	48,794	64,400	64,400	51,400
101-343201-717800	GENERAL FUND	POLICE	ADMINISTRATION	PERSONNEL	VEST PREMIUM	4,000	4,000	4,000	4,000
101-343201-715300	GENERAL FUND	POLICE	ADMINISTRATION	RETIREMENT/FIXED BENEFITS	RETIREMENT/CITY FRINGES	951,638	930,956	930,956	1,048,239
101-343201-741884	GENERAL FUND	POLICE	ADMINISTRATION	OPERATING	DONATIONS/POLICE	4,775	-	-	-
101-343201-742000	GENERAL FUND	POLICE	ADMINISTRATION	OPERATING	SUPPLIES	51,505	60,000	54,200	54,200
101-343201-742100	GENERAL FUND	POLICE	ADMINISTRATION	OPERATING	FUEL CHARGES	311,875	425,000	425,000	400,000
101-343201-801000	GENERAL FUND	POLICE	ADMINISTRATION	OPERATING	CONTRACTUAL SERVICES	22,451	32,000	32,000	32,000
101-343201-851110	GENERAL FUND	POLICE	ADMINISTRATION	OPERATING	UTILITIES - CITY HALL	55,513	140,000	140,000	-
101-343201-851200	GENERAL FUND	POLICE	ADMINISTRATION	OPERATING	TELEPHONE	158,786	140,000	140,000	140,000
101-343201-851201	GENERAL FUND	POLICE	ADMINISTRATION	OPERATING	DEPARTMENT COMMUNICATIONS	26,202	7,100	7,100	7,100
101-343201-851212	GENERAL FUND	POLICE	ADMINISTRATION	OPERATING	POLICE-FIRING RANGE UTILITIES	37,868	24,300	24,300	-
101-343201-851222	GENERAL FUND	POLICE	ADMINISTRATION	OPERATING	POLICE - RADIO LAB UTILITIES	6,894	6,600	6,600	-
101-343201-851251	GENERAL FUND	POLICE	ADMINISTRATION	OPERATING	POLICE PRECINCT - UTILITIES	220,088	231,100	231,100	230,000
101-343201-930000	GENERAL FUND	POLICE	ADMINISTRATION	OPERATING	REPAIR & MAINTENANCE	11,890	17,000	17,000	8,000
101-343201-941100	GENERAL FUND	POLICE	ADMINISTRATION	OPERATING	BUILDING RENTAL	125,000	125,000	125,000	125,000
101-343201-956000	GENERAL FUND	POLICE	ADMINISTRATION	OPERATING	MISCELLANEOUS OPERATING	208,987	190,000	190,000	170,000
101-343201-956100	GENERAL FUND	POLICE	ADMINISTRATION	OPERATING	POSTAGE	-	-	5,800	5,000
101-343201-956880	GENERAL FUND	POLICE	ADMINISTRATION	OPERATING	DONATIONS/CONTRIBUTIONS	15	-	-	-
101-343201-957000	GENERAL FUND	POLICE	ADMINISTRATION	OPERATING	TRAINING	126,981	145,000	145,000	130,000
101-343201-977000	GENERAL FUND	POLICE	ADMINISTRATION	OPERATING	EQUIPMENT	-	2,500	2,500	5,000
101-343201-977101	GENERAL FUND	POLICE	ADMINISTRATION	OPERATING	EQUIPMENT < \$5,000	-	5,000	5,000	2,500
101-343201-715100	GENERAL FUND	POLICE	ADMINISTRATION	EMPLOYEE PARKING	PARKING SUBSIDY	79,013	64,300	64,300	40,000
101-343201-801720	GENERAL FUND	POLICE	ADMINISTRATION	INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY ALLOC	3,142,641	3,196,135	3,196,135	3,721,400
101-343201-801631	GENERAL FUND	POLICE	ADMINISTRATION	PROPERTY MAINT	PROPERTY MAINT ALLOC	-	-	-	447,100
101-343201-941200	GENERAL FUND	POLICE	ADMINISTRATION	CITY EQUIPMENT RENTAL	CITY EQUIPMENT RENTAL (CHARGE)	678,526	1,816,261	1,816,261	1,242,400
101-343201-958000	GENERAL FUND	POLICE	ADMINISTRATION	INSURANCE & BONDS	INSURANCE & BONDS	386,509	766,637	766,637	546,700
101-343212-702000	GENERAL FUND	POLICE	HUMAN RESOURCES	PERSONNEL	SALARIES	275,214	270,404	270,404	455,204
101-343212-708000	GENERAL FUND	POLICE	HUMAN RESOURCES	PERSONNEL	OVERTIME - SALARY	54,490	30,000	30,000	24,500
101-343212-711000	GENERAL FUND	POLICE	HUMAN RESOURCES	PERSONNEL	SICK LEAVE	1,812	-	-	-
101-343212-712000	GENERAL FUND	POLICE	HUMAN RESOURCES	PERSONNEL	LONGEVITY	3,200	3,600	3,600	4,900
101-343212-715400	GENERAL FUND	POLICE	HUMAN RESOURCES	PERSONNEL	PAYROLL FRINGES	62,389	67,060	67,060	130,587
101-343212-717200	GENERAL FUND	POLICE	HUMAN RESOURCES	PERSONNEL	ALLOWANCE - CLOTHING	3,149	8,107	8,107	8,100
101-343212-717800	GENERAL FUND	POLICE	HUMAN RESOURCES	PERSONNEL	VEST PREMIUM	3,000	3,000	3,000	4,000
101-343212-715300	GENERAL FUND	POLICE	HUMAN RESOURCES	RETIREMENT/FIXED BENEFITS	RETIREMENT/CITY FRINGES	320,592	336,166	336,166	503,909
101-343212-801000	GENERAL FUND	POLICE	HUMAN RESOURCES	OPERATING	CONTRACTUAL SERVICES	17,445	80,000	80,000	-
101-343212-851200	GENERAL FUND	POLICE	HUMAN RESOURCES	OPERATING	TELEPHONE	-	1,000	1,000	1,000
101-343212-956000	GENERAL FUND	POLICE	HUMAN RESOURCES	OPERATING	MISCELLANEOUS OPERATING	42,506	48,070	48,070	48,100
101-343212-956810	GENERAL FUND	POLICE	HUMAN RESOURCES	OPERATING	DUES & SUBSCRIPTIONS	25	-	-	-
101-343221-702000	GENERAL FUND	POLICE	CENTRAL SERVICES	PERSONNEL	SALARIES	1,094,229	1,154,882	1,154,882	1,295,253

GL Number	FUND DESC	APP DESC	DIV DESC	DETAIL DESC	Description	FY25 Actual	FY26 Original	FY26 Amended	FY27 Proposed
101-343221-702302	GENERAL FUND	POLICE	CENTRAL SERVICES	PERSONNEL	SHIFT PREMIUM	-	205	205	200
101-343221-708000	GENERAL FUND	POLICE	CENTRAL SERVICES	PERSONNEL	OVERTIME - SALARY	38,869	10,000	10,000	14,300
101-343221-711000	GENERAL FUND	POLICE	CENTRAL SERVICES	PERSONNEL	SICK LEAVE	899	-	-	-
101-343221-712000	GENERAL FUND	POLICE	CENTRAL SERVICES	PERSONNEL	LONGEVITY	8,800	8,800	8,800	7,600
101-343221-715400	GENERAL FUND	POLICE	CENTRAL SERVICES	PERSONNEL	PAYROLL FRINGES	271,763	306,028	306,028	287,820
101-343221-717200	GENERAL FUND	POLICE	CENTRAL SERVICES	PERSONNEL	ALLOWANCE - CLOTHING	12,168	11,794	11,794	11,800
101-343221-717800	GENERAL FUND	POLICE	CENTRAL SERVICES	PERSONNEL	VEST PREMIUM	3,000	3,000	3,000	3,000
101-343221-715300	GENERAL FUND	POLICE	CENTRAL SERVICES	RETIREMENT/FIXED BENEFITS	RETIREMENT/CITY FRINGES	750,582	773,499	773,499	766,627
101-343221-742600	GENERAL FUND	POLICE	CENTRAL SERVICES	OPERATING	UNIFORMS	324,882	345,553	345,553	345,600
101-343221-742650	GENERAL FUND	POLICE	CENTRAL SERVICES	OPERATING	CENTRAL SUPPLIES	106,107	105,000	105,000	105,000
101-343221-801000	GENERAL FUND	POLICE	CENTRAL SERVICES	OPERATING	CONTRACTUAL SERVICES	323,946	350,000	362,340	362,000
101-343221-851200	GENERAL FUND	POLICE	CENTRAL SERVICES	OPERATING	TELEPHONE	(219)	3,000	3,000	3,000
101-343221-956000	GENERAL FUND	POLICE	CENTRAL SERVICES	OPERATING	MISCELLANEOUS OPERATING	57,658	75,000	62,660	75,000
101-343221-977101	GENERAL FUND	POLICE	CENTRAL SERVICES	OPERATING	EQUIPMENT < \$5,000	3,166	3,000	3,000	1,200
101-343225-702000	GENERAL FUND	POLICE	PROPERTY & SUPPLIES	PERSONNEL	SALARIES	243,672	246,484	246,484	254,128
101-343225-707000	GENERAL FUND	POLICE	PROPERTY & SUPPLIES	PERSONNEL	TEMPORARY HELP	29,433	-	-	-
101-343225-708000	GENERAL FUND	POLICE	PROPERTY & SUPPLIES	PERSONNEL	OVERTIME - SALARY	10,072	7,000	7,000	1,500
101-343225-712000	GENERAL FUND	POLICE	PROPERTY & SUPPLIES	PERSONNEL	LONGEVITY	2,400	3,300	3,300	3,300
101-343225-715400	GENERAL FUND	POLICE	PROPERTY & SUPPLIES	PERSONNEL	PAYROLL FRINGES	63,783	67,633	67,633	68,513
101-343225-717800	GENERAL FUND	POLICE	PROPERTY & SUPPLIES	PERSONNEL	VEST PREMIUM	2,000	2,000	2,000	2,000
101-343225-715300	GENERAL FUND	POLICE	PROPERTY & SUPPLIES	RETIREMENT/FIXED BENEFITS	RETIREMENT/CITY FRINGES	238,075	257,308	257,308	261,459
101-343225-851200	GENERAL FUND	POLICE	PROPERTY & SUPPLIES	OPERATING	TELEPHONE	-	1,000	1,000	1,000
101-343240-702000	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	PERSONNEL	SALARIES	4,062,188	4,881,999	4,881,999	4,947,043
101-343240-702302	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	PERSONNEL	SHIFT PREMIUM	14,758	17,300	17,300	17,300
101-343240-707000	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	PERSONNEL	TEMPORARY HELP	76,721	-	-	-
101-343240-708000	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	PERSONNEL	OVERTIME - SALARY	347,074	245,000	245,000	245,000
101-343240-711000	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	PERSONNEL	SICK LEAVE	20,412	-	-	-
101-343240-712000	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	PERSONNEL	LONGEVITY	47,200	50,900	50,900	47,300
101-343240-715400	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	PERSONNEL	PAYROLL FRINGES	751,168	1,036,622	1,036,622	1,016,280
101-343240-717200	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	PERSONNEL	ALLOWANCE - CLOTHING	114,301	121,232	121,232	121,200
101-343240-717800	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	PERSONNEL	VEST PREMIUM	43,000	51,000	51,000	51,000
101-343240-715300	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	RETIREMENT/FIXED BENEFITS	RETIREMENT/CITY FRINGES	5,320,742	5,812,926	5,812,926	5,758,777
101-343240-851200	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	OPERATING	TELEPHONE	2,110	20,000	20,000	10,000
101-343240-851201	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	OPERATING	DEPARTMENT COMMUNICATIONS	7,167	7,100	7,100	7,100
101-343240-930000	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	OPERATING	REPAIR & MAINTENANCE	22,907	28,950	28,950	29,000
101-343240-956000	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	OPERATING	MISCELLANEOUS OPERATING	3,823	11,050	11,050	11,000
101-343240-956000-17138	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	OPERATING	MISCELLANEOUS OPERATING	203	-	-	-
101-343240-956011	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	OPERATING	POLICE-DIVE TEAM	7,294	9,000	9,000	9,000
101-343240-956012	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	OPERATING	POLICE-S.T.A.R.T.	34,437	34,220	34,220	35,000
101-343240-956820	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	OPERATING	EVIDENCE	-	1,000	1,000	1,000
101-343240-956880-17115	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	OPERATING	DONATIONS/CONTRIBUTIONS	1,561	-	-	-
101-343240-957000-17133	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	OPERATING	TRAINING	3,455	-	-	-
101-343240-977000	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	OPERATING	EQUIPMENT	36,941	41,000	41,000	14,000
101-343240-977101	GENERAL FUND	POLICE	INVESTIGATIONS AND SPECIAL OPS	OPERATING	EQUIPMENT < \$5,000	43,973	58,275	58,275	90,300
101-343251-702000	GENERAL FUND	POLICE	PATROL	PERSONNEL	SALARIES	10,164,687	10,928,283	10,928,283	11,986,331
101-343251-702302	GENERAL FUND	POLICE	PATROL	PERSONNEL	SHIFT PREMIUM	110,530	111,000	111,000	111,000
101-343251-708000	GENERAL FUND	POLICE	PATROL	PERSONNEL	OVERTIME - SALARY	1,163,590	500,000	500,000	515,000
101-343251-708101	GENERAL FUND	POLICE	PATROL	PERSONNEL	SPECIAL OVERTIME	111,806	50,000	50,000	50,000
101-343251-711000	GENERAL FUND	POLICE	PATROL	PERSONNEL	SICK LEAVE	6,420	-	-	-
101-343251-712000	GENERAL FUND	POLICE	PATROL	PERSONNEL	LONGEVITY	39,600	47,600	47,600	51,000
101-343251-715028	GENERAL FUND	POLICE	PATROL	PERSONNEL	OPT OUT-ACTIVE	208	-	-	-
101-343251-715400	GENERAL FUND	POLICE	PATROL	PERSONNEL	PAYROLL FRINGES	1,765,259	2,006,877	2,006,877	2,591,707
101-343251-717200	GENERAL FUND	POLICE	PATROL	PERSONNEL	ALLOWANCE - CLOTHING	35,423	11,471	11,471	11,500
101-343251-717800	GENERAL FUND	POLICE	PATROL	PERSONNEL	VEST PREMIUM	118,000	135,000	135,000	135,000
101-343251-715300	GENERAL FUND	POLICE	PATROL	RETIREMENT/FIXED BENEFITS	RETIREMENT/CITY FRINGES	12,744,613	13,265,689	13,815,689	14,369,362
101-343251-801000	GENERAL FUND	POLICE	PATROL	OPERATING	CONTRACTUAL SERVICES	245	-	-	-
101-343251-851200	GENERAL FUND	POLICE	PATROL	OPERATING	TELEPHONE	-	20,000	20,000	20,000
101-343251-930000	GENERAL FUND	POLICE	PATROL	OPERATING	REPAIR & MAINTENANCE	147,961	120,000	120,000	120,000
101-343251-956013	GENERAL FUND	POLICE	PATROL	OPERATING	POLICE-K9	35,400	34,065	34,065	34,100
101-343251-977000	GENERAL FUND	POLICE	PATROL	OPERATING	EQUIPMENT	32,382	75,870	75,870	60,900
101-343251-977101	GENERAL FUND	POLICE	PATROL	OPERATING	EQUIPMENT < \$5,000	18,869	-	-	2,000
101-343213-956000	GENERAL FUND	POLICE	FIRING RANGE	OPERATING	MISCELLANEOUS OPERATING	71,660	73,699	73,699	73,700
101-343213-977000	GENERAL FUND	POLICE	FIRING RANGE	OPERATING	EQUIPMENT	18,545	22,000	22,000	26,000

GL Number	FUND DESC	APP DESC	DIV DESC	DETAIL DESC	Description	FY25 Actual	FY26 Original	FY26 Amended	FY27 Proposed
101-343222-702000	GENERAL FUND	POLICE	RADIO LAB	PERSONNEL	SALARIES	163,590	177,409	177,409	188,280
101-343222-707000	GENERAL FUND	POLICE	RADIO LAB	PERSONNEL	TEMPORARY HELP	89,442	-	-	-
101-343222-708000	GENERAL FUND	POLICE	RADIO LAB	PERSONNEL	OVERTIME - SALARY	331	5,000	5,000	4,000
101-343222-715400	GENERAL FUND	POLICE	RADIO LAB	PERSONNEL	PAYROLL FRINGES	30,641	31,882	31,882	33,828
101-343222-715300	GENERAL FUND	POLICE	RADIO LAB	RETIREMENT/FIXED BENEFITS	RETIREMENT/CITY FRINGES	97,771	92,921	92,921	105,292
101-343222-851200	GENERAL FUND	POLICE	RADIO LAB	OPERATING	TELEPHONE	-	1,000	1,000	1,000
101-343222-930000	GENERAL FUND	POLICE	RADIO LAB	OPERATING	REPAIR & MAINTENANCE	39,260	60,000	60,000	40,000
101-343222-956000	GENERAL FUND	POLICE	RADIO LAB	OPERATING	MISCELLANEOUS OPERATING	55,147	62,900	62,900	62,900
101-343222-977000	GENERAL FUND	POLICE	RADIO LAB	OPERATING	EQUIPMENT	16,938	35,000	35,000	39,800
101-343224-702000	GENERAL FUND	POLICE	DETENTION	PERSONNEL	SALARIES	1,745,385	1,968,989	1,968,989	1,682,386
101-343224-702302	GENERAL FUND	POLICE	DETENTION	PERSONNEL	SHIFT PREMIUM	11,512	11,500	11,500	11,500
101-343224-707000	GENERAL FUND	POLICE	DETENTION	PERSONNEL	TEMPORARY HELP	32,098	-	-	-
101-343224-708000	GENERAL FUND	POLICE	DETENTION	PERSONNEL	OVERTIME - SALARY	311,114	100,000	100,000	50,000
101-343224-711000	GENERAL FUND	POLICE	DETENTION	PERSONNEL	SICK LEAVE	1,724	-	-	-
101-343224-712000	GENERAL FUND	POLICE	DETENTION	PERSONNEL	LONGEVITY	13,700	14,400	14,400	11,300
101-343224-715400	GENERAL FUND	POLICE	DETENTION	PERSONNEL	PAYROLL FRINGES	461,638	518,882	518,882	485,776
101-343224-717200	GENERAL FUND	POLICE	DETENTION	PERSONNEL	ALLOWANCE - CLOTHING	2,529	4,036	4,036	4,000
101-343224-717800	GENERAL FUND	POLICE	DETENTION	PERSONNEL	VEST PREMIUM	8,000	9,000	9,000	3,000
101-343224-715300	GENERAL FUND	POLICE	DETENTION	RETIREMENT/FIXED BENEFITS	RETIREMENT/CITY FRINGES	1,575,710	1,631,997	1,631,997	1,099,538
101-343224-801000	GENERAL FUND	POLICE	DETENTION	OPERATING	CONTRACTUAL SERVICES	18,720	24,000	24,000	24,000
101-343224-851200	GENERAL FUND	POLICE	DETENTION	OPERATING	TELEPHONE	2,409	4,000	4,000	4,000
101-343224-851201	GENERAL FUND	POLICE	DETENTION	OPERATING	DEPARTMENT COMMUNICATIONS	7,167	7,100	7,100	7,100
101-343224-956000	GENERAL FUND	POLICE	DETENTION	OPERATING	MISCELLANEOUS OPERATING	23,765	37,140	37,140	37,100
101-343224-977101	GENERAL FUND	POLICE	DETENTION	OPERATING	EQUIPMENT < \$5,000	5,987	8,000	8,000	7,200
		POLICE				54,477,571	58,845,323	59,395,323	61,197,900
101-343501-702000	GENERAL FUND	FIRE	ADMINISTRATION	PERSONNEL	SALARIES	750,335	775,725	775,725	740,182
101-343501-707000	GENERAL FUND	FIRE	ADMINISTRATION	PERSONNEL	TEMPORARY HELP	36,520	60,000	60,000	-
101-343501-708000	GENERAL FUND	FIRE	ADMINISTRATION	PERSONNEL	OVERTIME - SALARY	56,352	20,000	20,000	15,000
101-343501-708102	GENERAL FUND	FIRE	ADMINISTRATION	PERSONNEL	OVERTIME - FLSA	39	-	-	-
101-343501-711000	GENERAL FUND	FIRE	ADMINISTRATION	PERSONNEL	SICK LEAVE	1,600	-	-	-
101-343501-712000	GENERAL FUND	FIRE	ADMINISTRATION	PERSONNEL	LONGEVITY	4,500	5,000	5,000	5,400
101-343501-715400	GENERAL FUND	FIRE	ADMINISTRATION	PERSONNEL	PAYROLL FRINGES	153,121	148,409	148,409	154,253
101-343501-717500	GENERAL FUND	FIRE	ADMINISTRATION	PERSONNEL	ALLOWANCE - FOOD	7,190	7,560	7,560	7,700
101-343501-719000	GENERAL FUND	FIRE	ADMINISTRATION	PERSONNEL	HOLIDAY PAY	4,839	6,500	6,500	6,500
101-343501-801050	GENERAL FUND	FIRE	ADMINISTRATION	PERSONNEL	TEMPORARY HELP-CONTRACTUAL	1,539	-	-	-
101-343501-715300	GENERAL FUND	FIRE	ADMINISTRATION	RETIREMENT/FIXED BENEFITS	RETIREMENT/CITY FRINGES	543,159	619,182	619,182	637,465
101-343501-742000	GENERAL FUND	FIRE	ADMINISTRATION	OPERATING	SUPPLIES	3,038	5,000	5,000	5,000
101-343501-742100	GENERAL FUND	FIRE	ADMINISTRATION	OPERATING	FUEL CHARGES	186,273	250,000	250,000	225,000
101-343501-801000	GENERAL FUND	FIRE	ADMINISTRATION	OPERATING	CONTRACTUAL SERVICES	218,590	300,000	300,000	230,000
101-343501-851200	GENERAL FUND	FIRE	ADMINISTRATION	OPERATING	TELEPHONE	67,690	80,000	80,000	60,000
101-343501-851201	GENERAL FUND	FIRE	ADMINISTRATION	OPERATING	DEPARTMENT COMMUNICATIONS	18,651	35,000	35,000	25,000
101-343501-851520	GENERAL FUND	FIRE	ADMINISTRATION	OPERATING	FIRE STATION UTILITIES	294,238	290,000	290,000	-
101-343501-956000	GENERAL FUND	FIRE	ADMINISTRATION	OPERATING	MISCELLANEOUS OPERATING	98,236	110,000	104,700	110,000
101-343501-956100	GENERAL FUND	FIRE	ADMINISTRATION	OPERATING	POSTAGE	-	-	5,300	-
101-343501-957000	GENERAL FUND	FIRE	ADMINISTRATION	OPERATING	TRAINING	37,950	35,000	35,000	25,000
101-343501-801720	GENERAL FUND	FIRE	ADMINISTRATION	INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY ALLOC	1,284,625	1,330,428	1,330,428	1,649,100
101-343501-801631	GENERAL FUND	FIRE	ADMINISTRATION	PROPERTY MAINT	PROPERTY MAINT ALLOC	-	-	-	1,507,300
101-343501-941200	GENERAL FUND	FIRE	ADMINISTRATION	CITY EQUIPMENT RENTAL	CITY EQUIPMENT RENTAL (CHARGE)	742,888	1,857,819	1,857,819	1,708,000
101-343501-958000	GENERAL FUND	FIRE	ADMINISTRATION	INSURANCE & BONDS	INSURANCE & BONDS	290,641	595,281	595,281	417,900
101-343510-702000	GENERAL FUND	FIRE	LOGISTICS	PERSONNEL	SALARIES	338,398	334,783	334,783	347,213
101-343510-702302	GENERAL FUND	FIRE	LOGISTICS	PERSONNEL	SHIFT PREMIUM	264	1,500	1,500	1,500
101-343510-708000	GENERAL FUND	FIRE	LOGISTICS	PERSONNEL	OVERTIME - SALARY	32,417	15,000	15,000	10,000
101-343510-712000	GENERAL FUND	FIRE	LOGISTICS	PERSONNEL	LONGEVITY	4,000	4,000	4,000	4,000
101-343510-715400	GENERAL FUND	FIRE	LOGISTICS	PERSONNEL	PAYROLL FRINGES	77,524	71,651	71,651	84,102
101-343510-717500	GENERAL FUND	FIRE	LOGISTICS	PERSONNEL	ALLOWANCE - FOOD	3,595	3,780	3,780	3,800
101-343510-719000	GENERAL FUND	FIRE	LOGISTICS	PERSONNEL	HOLIDAY PAY	1,140	5,000	5,000	5,000
101-343510-715300	GENERAL FUND	FIRE	LOGISTICS	RETIREMENT/FIXED BENEFITS	RETIREMENT/CITY FRINGES	362,929	380,761	380,761	384,085
101-343510-742000	GENERAL FUND	FIRE	LOGISTICS	OPERATING	SUPPLIES	60	-	-	-
101-343510-742200	GENERAL FUND	FIRE	LOGISTICS	OPERATING	CHEMICALS	7,364	7,500	7,500	8,000
101-343510-742600	GENERAL FUND	FIRE	LOGISTICS	OPERATING	UNIFORMS	122,987	92,000	92,000	95,000
101-343510-742601	GENERAL FUND	FIRE	LOGISTICS	OPERATING	TURNOUT GEAR & PPE	160,689	185,000	185,000	185,000
101-343510-742602	GENERAL FUND	FIRE	LOGISTICS	OPERATING	SCBA BOTTLES	18,099	25,000	25,000	25,000
101-343510-742603	GENERAL FUND	FIRE	LOGISTICS	OPERATING	SCBA PACKS	117,500	117,500	117,500	117,500

CAPITAL IMPROVEMENT PROJECTS

CITY OF LANSING, MICHIGAN

Fiscal Years Ending June 30, 2027 Through June 30, 2032

GENERAL FACILITIES

Facility Needs	Funding for facility needs for City Hall and other various city facilities, including planning for future facility locations.
Project NOVA.....	Site preparation and construction of the Project NOVA safe camp featuring 50 modular living units and necessary facilities.
Landfill Monitoring.....	Groundwater sampling and water quality analysis, maintenance activities and well investigation, and groundwater/surface water elevation measurements.
Stadium Improvements.....	Capital Improvements for continued maintenance of the Jackson Field Stadium pursuant to the Stadium License, Lease, and Service Agreement, as amended.

TECHNOLOGY & EQUIPMENT

Computer Replacements.....	Replacement of Fire Department laptops and iPads, Police Department computers, and computers from various other departments.
Synology System.....	Expand storage of specialized computer system to repatriate and store digital evidence currently held by MSP on-site, working in conjunction with a Synology Storage unit, to efficiently store and analyze digital memory downloads for ongoing investigations.
Stock Pickers.....	Purchasing of an Apollo Lift A-5001 Electric Stock Picker to safely access large and heavy evidence items on shelves.
Police Drones.....	Enhance Drone Aviation and Robotic Team (DART) to add an additional outdoor drone and indoor drone to road patrol operations, integrating into Axon Fusus system.

SIDEWALKS & ROADS

Sidewalk Repair and Maintenance.....	Repairs of existing sidewalk network; property owners may be assessed for a portion of the work, consistent with the City ordinance.
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FY 2027 CITY-WIDE CAPITAL IMPROVEMENT PROGRAM REQUESTS AND FUND SOURCES

PROJECT TITLE	FY 2027 APPROPRIATION	GENERAL FUND/ CIP FUND	PARKS MILLAGE	STREET FUNDS	DRUG FORFEITURE FUNDS	INFORMATION TECHNOLOGY FUND	PARKING FUND	SEWER FUND	FLEET FUND	REFUSE/ RECYCLING	GRANTS/ TRUSTS
General Facilities											
Facility Needs	300,000	300,000									
Project NOVA	1,315,000	1,000,000									315,000
Landfill Monitoring	75,000	75,000									
Jackson Field Stadium Improvements	50,000	50,000									
	1,740,000	1,425,000	-	-	-	-	-	-	-	-	315,000
Parks & Recreation											
City-wide Repair and Maintenance	200,000			200,000							
Playground Installation and Renovation	37,000			37,000							
City Pool Repairs/Maintenance	75,000			75,000							
Baseball Fields	100,000			100,000							
Tennis Courts	163,000			163,000							
Basketball Courts	375,000			375,000							
Park Restroom Facilities	200,000			200,000							
Parks Paving	900,000			900,000							
	2,050,000	-	-	2,050,000	-	-	-	-	-	-	-
Sidewalks and Roads											
City Millage Sidewalk Repair	1,500,000			1,500,000							
Major Street Improvements	4,410,000			4,000,000				410,000			
Major Street Bridge Rehabilitation	1,700,000			1,600,000				100,000			
Federal Surface Transportation Program (STP)	1,000,000			1,000,000							
Eaton County Millage Street Improvements	155,000			155,000							
Local Street Improvements (city millage)	702,000			702,000							
Local Street Improvements (non-millage)	5,168,000			4,748,000				420,000			
Signalization & Modernization	1,300,000			1,300,000							
Permanent Speed Bumps	100,000			100,000							
Liquid Storage	175,000			175,000							
	16,210,000	-	-	15,280,000	-	-	-	930,000	-	-	-
Parking System											
Ramp Maintenance & Construction	420,000						420,000				
Ramp Washing	75,000						75,000				
Striping - Paint Lines	40,000						40,000				
Signage Improvements	25,000						25,000				
	560,000	-	-	-	-	-	560,000	-	-	-	-
Technology & Equipment											
Computer Replacements	250,000					250,000					
Police Storage - Synology System and Stock Pickers	22,000	22,000									
Police Drones	38,000	38,000									
	310,000	60,000	-	-	-	250,000	-	-	-	-	-



**DEEP
GREEN**

Powering Progress.
Supporting Community.



**WE'RE READY TO
SERVE LANSING**

Our Vision: Lansing as a standard

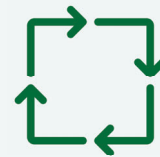
Combining sustainable computing and heating to align with Lansing's climate and innovation goals.

24_{MW}

Urban data center to power the local tech-economy.



Heat reuse to reduce natural gas demand and carbon impact.



Closed-loop water - glycol cooling to minimize water usage.

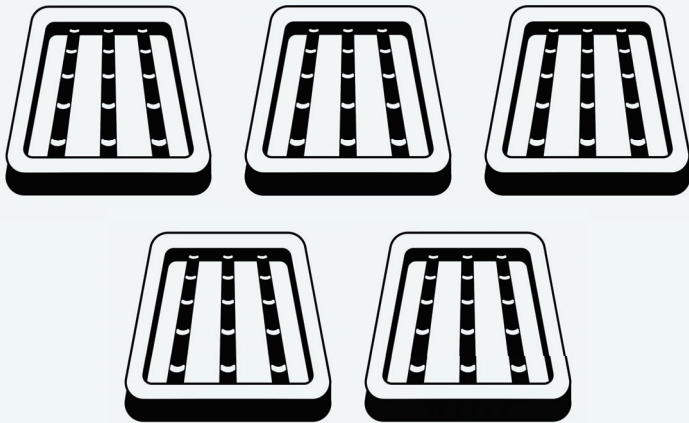


Long-term economic impact as well as local high wage jobs.



A different kind of data center: Water use

Hyperscale data center



250,000,000 gallons a year

Equivalent to City of Lansing's water consumption or 5 olympic swimming pools a day

500x

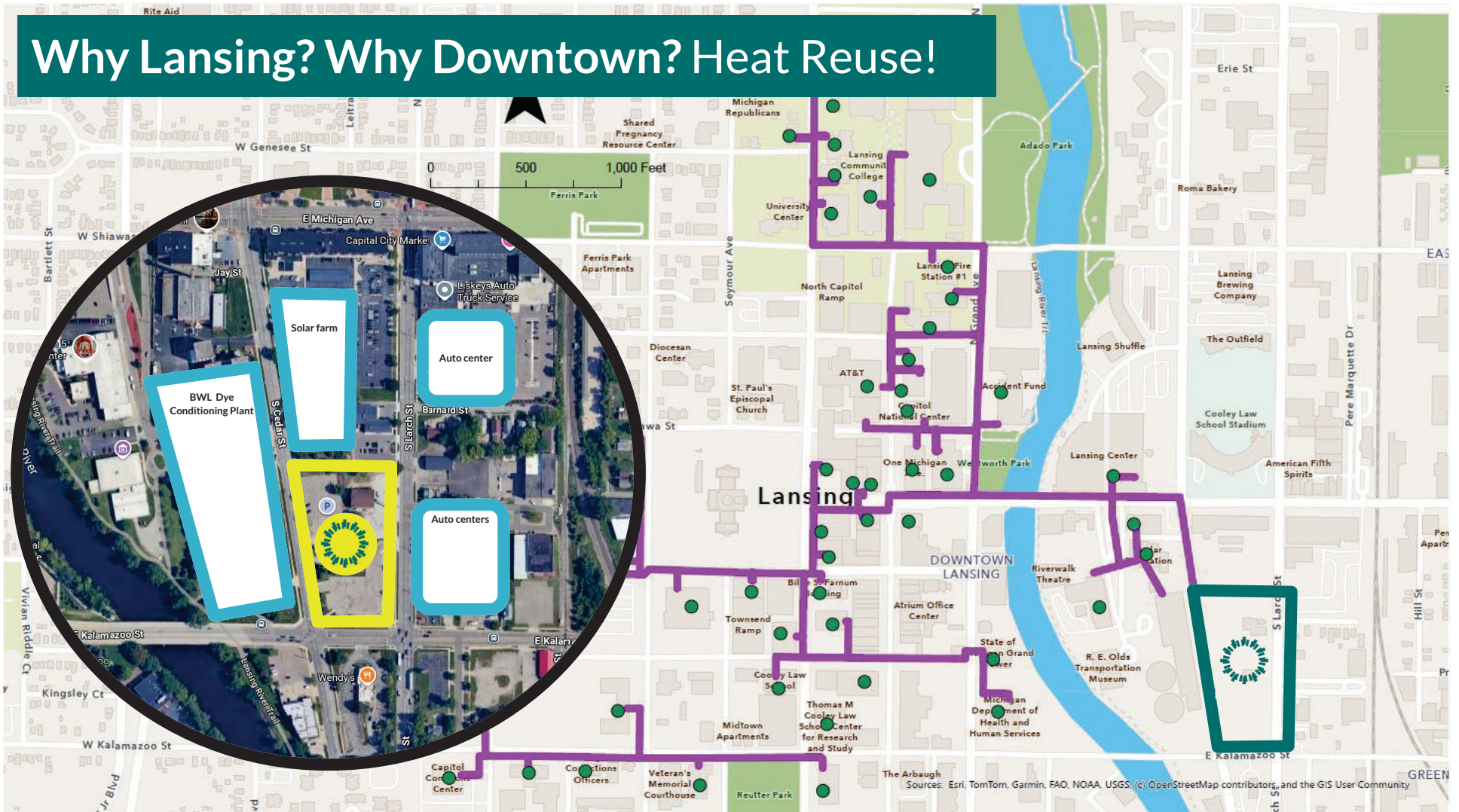


<500,000 gallons a year

Equivalent to 10 residential homes or a small restaurant



Why Lansing? Why Downtown? Heat Reuse!



Site Review

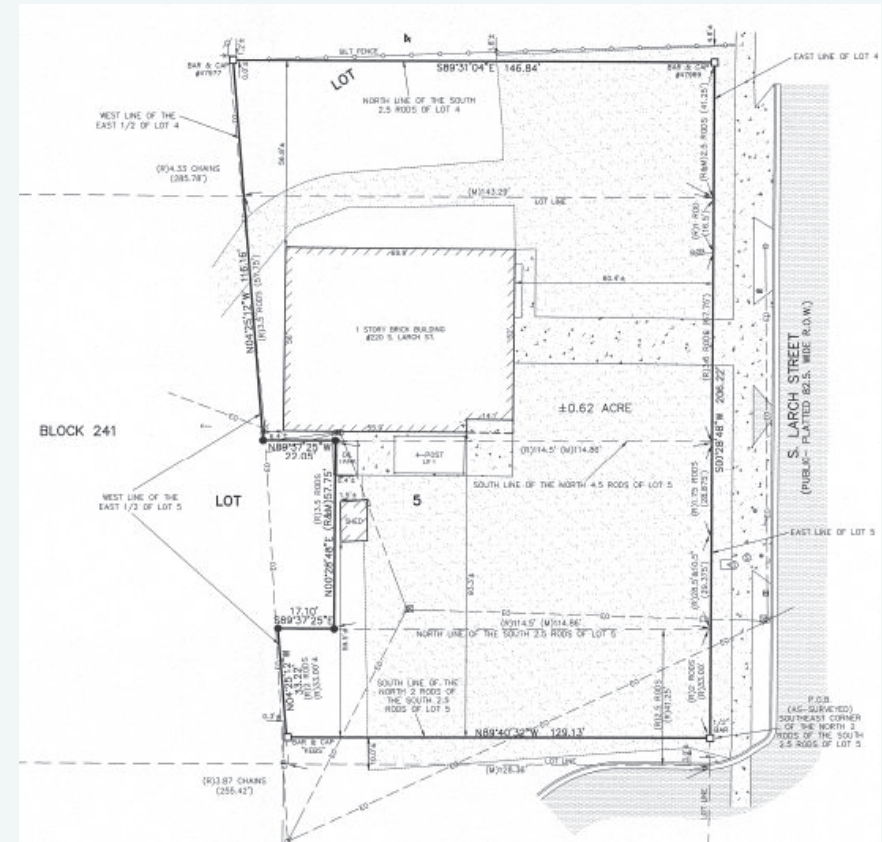
A Multi-Step Approval Process to Ensure Accountability

Site Plan Approval

- Proposed site plan must comply with Lansing Form-Based Zoning Code
- Pre-Application Conference with Planning, Building Safety, Fire, and Public Works
- Once plans are submitted, all City departments review and provide comments

Building Permit Approval

- Once a Site Plan is approved, construction plans, which must be signed by a Michigan-licensed architect or engineer, go to the Building Safety Office
- Plans go through a full review before building permits can be issued



© 2025

Design Aesthetics



Sound & water

Negligible impact on the local environment

Sound

- Generators will only be run monthly for approximately 30 minutes. This will be scheduled to minimize disruption.
- Generator enclosures and sound attenuation walls used to achieve current legal noise limits for downtown zoning.

Water

- Closed loop glycol based cooling system means no incremental water from BWL used in data center cooling system and no discharge to the local environment.
- Glycol mix used is replaced every 5-15 years, processed per EGLE standards.



Sound Mitigation Detail

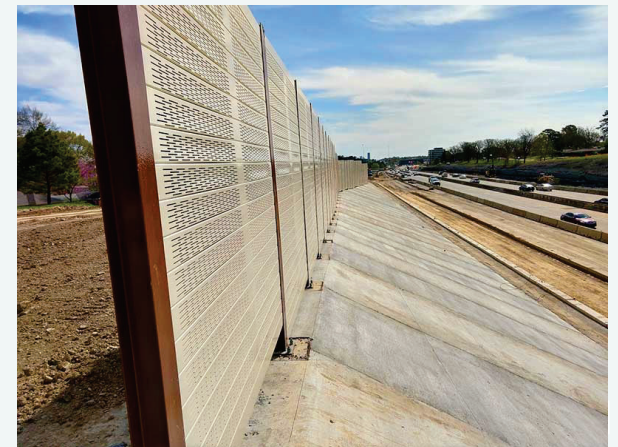
Generator Enclosures

- Each backup generator will be enclosed
- Manufacturer specs: 74 dBA from 23 feet away.



Sound Wall

- Sound attenuation walls will surround the enclosed generators
- Reduce noise by another another 20-30 dBA to meet the legal noise limits for downtown zoning.



Power

Power will be supplied by BWL via an **8MW grid supply + 16MW on-site fuel cell facility**

Benefits of fuel cells:

- Reduced impact on grid
- Quiet (chemical reaction to produce power)
- Cleaner & highly efficient (NOX & SO2 reduced by 95.5% and CO2 reduced by nearly 50%)

BWL will not be responsible for any capital costs related to this project - Deep Green is paying all infrastructure costs including the hot water connection.

© 2025 Deep Green

Electric Rules & Regulations



Section 3.4: All new customers must pay for their required infrastructure and energy. Costs cannot be passed on to existing customers.

The community benefits

- Heat made available to BWL's hot water system.
- \$1.4 million purchase of parking lots deemed obsolete by a 2023 city-commissioned study.
- \$120+ million investment in Lansing.
- 50+ jobs during construction and operations.
- Long-term skilled employment: technicians, engineers, administrators working and paying taxes in Lansing.

10 © 2025 Deep Green

When fully operational / occupied:

\$873k

Annual property tax revenue for local gov't, schools, libraries, etc.

\$1M

Estimated annual BWL revenues returned to the City of Lansing

\$120k

Per year toward the BWL "Pennies for Power" program to help customers in need

310k_{MCF}

Projected reduction in annual natural gas demand for BWL



Legally Binding Commitments

Buy-Sell Agreement

- ✓ We MUST adhere to downtown noise limits.
- ✓ The city will have input on the site plan and all design aesthetics, including walkability and green space.
- ✓ The city has the right to buy back the land if the project doesn't commence within 24 months.
- ✓ No local tax incentives or abatements

BWL Contract

- ✓ We will pay for all required power infrastructure up front.
- ✓ We will pay market rate for our energy needs
- ✓ We guarantee the projected \$1M BWL return on equity to the city.
- ✓ We will implement a closed-loop, liquid-based cooling system to minimize water consumption.
- ✓ We will make all heat generated by the site available to BWL - for free.

BWL Contract

- ✓ We will contribute \$120,000 per year to Pennies for Power.
- ✓ We will commit to a 20-year purchase agreement
- ✓ We will pay an exit fee to cover any remaining BWL cost commitments if the project does not materialize.



Thank You.



*Sent on behalf of General Manager Peffley:
Email Response March 30, 2026 2:38 p.m.*

Councilmember Pehlivanoglu,

Please see our responses to your questions below, which are based on our understanding that your reference of “fuel stations” is not Deep Green’s “fuel cells,” but rather the **hot water plants** needed to support BWL’s conversion from steam to hot water.

- 1. If we assume the Deep Green project is not approved, please confirm that BWL will build approximately 4 [hot water plants] to complete the steam to hot water conversion project.**
If the Deep Green project is NOT approved, the BWL expects to build up to three hot water plants to support its conversion project. The first phase would be to build one hot water plant at Wentworth Park, which would connect to our existing system and convert steam to hot water. The second phase would build two hot water plants to provide additional hot water needed for the system.
- 2. Please explain why the [hot water plants] will be required for this project.**
Hot water plants are used to heat the water within the hot water network. Hot water will be pumped through a network of insulated, underground pipes to customer buildings. Once the hot water reaches the customer building, it flows through a hot water heat exchanger that transfers heat to the building’s HVAC system. The building’s hot water flows through the building’s loop to terminal units (ex. air handlers, fan coil units, radiators, etc.) for space heating, as well as to generate domestic hot water at faucets and appliances. BWL water goes through the heat exchanger and, as energy is exchanged to the building loop, the temperature is lowered and the cooler water is returned to the BWL to be reheated and recirculated, continuing the closed-loop system.
- 3. Please confirm whether the steam to hot water project must move forward, and why.**
Regardless of the Deep Green project, the conversion from steam to hot water must continue. BWL’s steam system has reliably served Lansing’s downtown region for over 100 years and has reached the end of its useful life. The transition to hot water will improve reliability and add redundancy measures to respond faster to unplanned outages. Hot water systems are more efficient and environmentally conscious, as they use a closed loop system that requires less gas to heat, saving energy and water. This means a cleaner utility with lower costs for BWL customers compared to the existing steam service.
- 4. If [hot water plants] are built and utilized for the steam to hot water project, please provide the amount of emissions, and/or pollutants they will generate. (For example, we have been told that the potential data center fuel cells will generate emissions equivalent to 11,000 cars on the road.)**
We cannot validate the assertion that fuel cells would generate emissions equivalent to 11,000 cars on the road. The NOx, CO and PM criteria pollutant amounts of that number of cars, compared with the boiler emissions and to the 16MW Bloom system are outlined below based on the Bureau of Transportation Statistics: [*Estimated U.S. Average Vehicle Emissions Rates per Vehicle by Vehicle Type Using Gasoline, Diesel, and Electric | Bureau of Transportation Statistics*](#)

NOx annual tons

11,000 vehicles: **68.5**
15.3 MMBtu boiler: **3.3**
16 MW Bloom system: **0.2**

CO annual tons

11,000 vehicles: **588**
15.3 MMBtu boiler: **5.5**
16 MW Bloom system: **0.9**

PM annual tons

11,000 vehicles: **1.3**
15.3 MMBtu boiler: **0.5**
16 MW Bloom system: **negligible**

Assumptions:

Average Emissions Per Vehicle (2025), Gasoline and Diesel Fleet
NOx: .491 grams / mile
CO: 4.216 grams / mile
PM: .017 grams / mile
11,500 miles / year

5. **If known at this time, please provide the location of any/all [hot water plants] needed for the steam to hot water project.**

The BWL would place one hot water plant at Wentworth Park, which is the only viable option for the project. Two additional hot water plants will also be needed to support the system, however, final locations for these are still tentative and under consideration.

6. **Please provide a comparison of pollutants/emissions between fuel cells proposed for the data center and [hot water plants] needed for the steam to hot water project.**

Below is a look at emissions in tons per year with the Bloom system (16MW and the heat) compared to estimates of the emissions to produce just that amount of hot water with a natural gas-fired boiler like is currently planned.

Pollutant	TPY		Bloom reduction
	16MW Bloom	15.3MBtu/hr Boiler	
NOx	0.208	3.3	94%
CO	0.912	5.54	84%
SO2	0.000432	0.03955	99%
PM2.5	-	0.5	100%
PM10	-	0.5	100%
HAPs	0.0128	0.743	98%

7. **Do the [hot water plants] emit any sound or noise that could contribute to noise pollution in the areas in which they are built?**

The hot water boiler plant will not create any loud noise and will be housed inside of a building.

8. If known at this time, please provide a general timeline for the steam to hot water project, based on [hot water plants] and without the data center fuel cells.

The BWL has been developing the plan to convert from steam to hot water since 2024 and recently broke ground for the project earlier this month. The timeline remains the same with or without Deep Green, as the full project will be phased over the next 15 years.

9. Would utilizing [hot water plants] for the steam to hot water project contribute to an increased rates for residential customers?

No. As the transition from steam to hot water progresses, there won't be any residential customers on the hot water system. The customers who will benefit from the Deep Green project passing will be future commercial hot water customers in their rates. BWL residential and commercial customers stand to benefit from Deep Green as a result of them sharing in costs spread across the BWL.

10. Is there any possible other alternative to building [hot water plants] for the steam to hot water project?

No. The BWL needs to transition away from steam due to aging infrastructure and costs. The proposed three hot water plants are the most efficient and affordable way to produce hot water for the transition. The replacement cost for the entire steam system is \$260 million today but if done over 15 years it would cost around \$375 million. Conversely, the hot water system will cost \$120 million over 15 years.



Andy Schor
Mayor

LANSING PLANNING COMMISSION
Regular Meeting
March 3, 2026 - 6:30 p.m.
10th Floor, City Council Chambers, Lansing City Hall
124 W Michigan Avenue, Lansing, MI 48933

MINUTES – DRAFT

1. OPENING SESSION

Vice-Chair Ms. Alexander called the meeting to order at 6:30 p.m.

- a. Present: Katie Alexander, Tony Cox, Monte Jackson, Spencer Lippert, Shane Muchmore, Ted O’Dell, John Ruge
- b. Absent: Tim Klont (excused)
- c. Staff: Rawley Van Fossen, Director of Economic Development and Planning Department; Erin Buitendorp, Manager of the Community Development Office; Doris Witherspoon, Senior Planner; Andy Fedewa, Principal Planner; Dan DuChene, Deputy City Attorney

2. APPROVAL OF AGENDA – The agenda was approved by unanimous consent.

3. COMMUNICATIONS

Mitch Rice email in support of Z-3-2026.

Lansing Chamber of Commerce letter in support of Z-3-2026.

Alison Peeler email asking clarifying questions for Act-4-2026.

4. PUBLIC HEARINGS & ITEMS FOR ACTION

A. City of Lansing Annual Action Plan, Citywide Needs Hearing and Proposed Funding Allocations FY 2026-2027

Ms. Witherspoon spoke on the City’s funding strategy with the Community Development Block Grants (CDBG), HOME Investment Partnership (HOME), and Emergency Solutions Grant (ESG) programs through the US Department of Housing and Urban Development (HUD) each year.

Ms. Witherspoon reviewed the estimated funding amounts for various projects under each program such as, but not limited to, homeowner housing rehabilitation, rental unit rehabilitation, down payment assistance, housing construction, homelessness prevention, and shelter operations. As in previous years, the presented numbers are based on an expectation that they will follow last year’s amounts so the final funding amounts may differ slightly.

Ms. Alexander opened the public hearing.

Seeing no one wishing to speak, Ms. Alexander closed the public hearing.

Mr. Muchmore made a motion, seconded by Mr. O’Dell, to recommend approval of the City of Lansing Annual Action Plan, Citywide Needs Hearing and Proposed Funding Allocations FY 2026-2027.

On a voice vote the motion carried unanimously (7-0).

B. Z-3-2026, 200 blocks of S. Cedar Street and S. Larch Street, 229 S Larch St., Conditional Rezoning from “DT-3” Downtown Core to “IND-1” Industrial.

Mr. Fedewa stated Planning Commission previously reviewed Z-2-2025, a conditional rezoning for these four properties from DT-3 to IND-1 to permit a ‘data center’ and accessory infrastructure. During the public hearing process with City Council, Deep Green Technologies USA, LLC had committed to various agreements for inclusion in a new sale agreement. For the sake of transparency, the City has requested the Planning Commission review the request for a conditional rezoning.

This request covers four contiguous parcels, three owned by the City of Lansing and one owned by 220 Larch LLC.

The conditions as voluntarily offered by the property owners, the City of Lansing and 220 S. Larch, LLC are as follows:

1. The parcels will not be used for any purpose other than data center operations and supporting facilities;
2. Any structures will be compliant with the dimensional requirements, architectural standards, screening or massing requirements, and exterior materials requirements of the DT-3 classification, as reflected in any final site plan as approved by the City of Lansing; and
3. All use of the parcels will be consistent with requirements of Lansing City Code regarding noise limitations, and the parcels will not be entitled to any exemption for industrial property or industrial use.

The purchaser of the four parcels, Deep Green Technologies USA LLC, has consented to the conditions, which if approved, will run with the land and are binding upon successive owners of the land.

Mr. Fedewa stated that this area, east of the Grand River, now colloquially called the Stadium District, is specifically mentioned in the Comprehensive Plan on pages 63-64. The area was recognized for its deindustrialization and the Plan recommends a transition from industrial and heavy commercial to a mix of office, retail, entertainment, arts/cultural live-work and residential uses. The Plan however does state that “Except on the riverfront, light industry can continue to be part of this mixed-use area if external impacts (outdoor storage, noise and truck traffic) are minimized, and buildings and parking are located and designed to make a positive contribution to the area’s visual appeal and walkability.”

The former zoning here was “H” Light Industrial until the 2021 Form Based Code changed this area east of the river to DT-2 or DT-3. DT-2 does allow some light industrial uses, and DT-3 permits light industrial with retail sales on-site.

Mr. Fedewa stated that the proposed data center is of a low intensity in the scheme of other industrial uses, not nearly the kind of heavy industry once located along the east bank of the Grand River. The proposed condition limiting the parcels to a data center and supporting facilities prevent future establishment of incompatible industrial uses such as open storage, heavy manufacturing, or recycling/salvage operations. Further, the conditions requiring the development to comply with the site layout requirements and architectural standards of the DT-3 satisfies the concerns stated in the comprehensive plan, as well as advancing the intent of the zoning ordinance.

Staff recommends approval of Z-3-2026, to conditionally rezone the four subject properties, with the conditions voluntarily offered by the property owners and consented to by the purchaser:

1. The parcels will not be used for any purpose other than data center operations and supporting facilities;
2. Any structures will be compliant with the dimensional requirements, architectural standards, screening or massing requirements, and exterior materials requirements of the DT-3 classification, as reflected in any final site plan as approved by the City of Lansing; and
3. All use of the parcels will be consistent with requirements of Lansing City Code regarding noise limitations, and the parcels will not be entitled to any exemption for industrial property or industrial use.

Rob Stolpestad, Principal, Hedmark Holdings; reviewed presentation slides included in the agenda packet and spoke on how Deep Green's model is based on heat reuse, which is how they chose to invest in Lansing and why they wish to locate in the Downtown area to connect into BWL's future hot water system. Mr. Stolpestad reiterated their commitment to abide by rules and standards of the DT-3 zoning district and to fit in with buildings within the Stadium District.

Mr. Stolpestad spoke on the expected noise of the back-up generators that are only used in case of power failure, but are tested for 30 minutes monthly. Each generator will be enclosed and then surrounded by a sound attenuated screen wall. This practice is similar to other large institutional and industrial users.

Mr. Stolpestad spoke on how they will utilize 8 megawatts (MW) from the electric grid during phase one and have plans for a 16-MW biofuel cell substation. Mr. Stolpestad referred to information in the packet on anticipated emissions. Deep Green is paying for all capital expenditures for their electric consumption.

Mr. Stolpestad reviewed their stated community benefits, including the sale price, property tax revenue, donations to BWL's Pennies for Power, and a commitment to source the local population for employment. Mr. Stolpestad these commitments are legally binding in the sale agreement and their contract with BWL.

Mr. Cox asked about the expected water usage and how water will be utilized and disposed of. Mr. Cox asked for details about the closed-loop system. Mr. Stolpestad referred to the agenda packet page that states they expect about 500,000 gallons of water annually, and how the proposed data center is just a fraction of the power and water used by mega-sites. The expected use is more comparable to a restaurant. Jack Pressman, development manager, spoke

on how glycol is used to cool water that is recycled through the system after it is initially heated from the cooling process. The system is heavily non-water based and biodegradable. Deep Green will use a third party to properly ship the spent water and solution off-site for disposal.

Mr. Van Fossen stated that site plan review is conducted with the Public Service Department and the Building Safety Office to verify compliance with applicable local, State, and Federal requirements.

Mr. Ruge asked for more information about the 16-MW biofuel substation system. Mr. Pressman spoke on how the existing grid is powered by a natural gas combustion system. The proposed biofuel system is more efficient and produces less pollution. Mr. Pressman recommended that Planning Commissioners review Bloom Energy for a comparable system that would be operated by BWL when built.

Ms. Alexander opened the public hearing for Z-3-2026.

Brad Clark spoke on economic development and in support of Z-3-2026.

Ivan Droste spoke on the additional information that has been released since Planning Commission's public hearing during the November 5, 2026 and in opposition of Z-3-2026.

Marshall Clabeaux spoke on the potential pollution of the proposed power substation, about the need for walkability within the Stadium District, the potential nuisances that could impact nearby residents, and the lifecycle of the data center. Mr. Clabeaux spoke in opposition of Z-3-2026.

Nichole Keway Biber spoke on conflicts with the vision of the Comprehensive Plan, walkability within the Stadium District, and use of the River Trail. Ms. Keway Biber spoke in opposition of Z-3-2026.

Emma Bostwick, Lansing Economic Area Partnership, spoke on economic development and in support of Z-3-2026.

Cynthia Rowe spoke on the potential water usage and disposal of wastewater, and in opposition of Z-3-2026.

Fred McLaughlin spoke on the quick nature of the proposal and on community planning. Mr. McLaughlin spoke in opposition of Z-3-2026.

Heather Shawa, Assistant General Manager of Lansing Board of Water and Light, commented on the ongoing partnership with Deep Green to integrate with the hot water system conversion, the first phase of which should be operational within the next 2-3 years. Ms. Shawa spoke on the capital costs Deep Green will bear and what may happen if they vacate the premises. Ms. Shawa spoke on the noise level of BWL's substation plants in REO Town as a comparison.

Jason Brown spoke on the potential for construction jobs and in support of Z-3-2026.

Michael Mercer spoke in opposition of Z-3-2026.

Sidney Mccalib spoke on economic development and in support of Z-3-2026.

Seeing no one else wishing to speak, Ms. Alexander closed the public hearing for Z-3-2026.

Mr. O'Dell made a motion, seconded by Mr. Jackson, to recommend approval of Z-3-2026, 200 blocks of S. Cedar Street and S. Larch Street, 229 S Larch St., Conditional Rezoning from "DT-3" Downtown Core to "IND-1" Industrial.

With the following conditions:

- 1. The parcels will not be used for any purpose other than data center operations and supporting facilities;**
- 2. Any structures will be compliant with the dimensional requirements, architectural standards, screening or massing requirements, and exterior materials requirements of the DT-3 classification, as reflected in any final site plan as approved by the City of Lansing; and**
- 3. All use of the parcels will be consistent with requirements of Lansing City Code regarding noise limitations, and the parcels will not be entitled to any exemption for industrial property or industrial use.**

Mr. Muchmore asked how long the properties have been parking lots. Mr. Fedewa stated that the parcel called Lot 49 along E Kalamazoo St. was first taken on by the City in 1990. Lot 49a along S Cedar St. was contemplated for a land swap with the City in the mid-2000s for redevelopment but ultimately did not happen. The City then bought the parcel in 2008. The two lots were productive until the Covid-19 pandemic affected revenue. A more detailed summary was included in the Act-7-2025 staff report for the sale of property.

Mr. Ruge asked what architectural standards will be applied to the proposed building and how will the City decide what is on the proposed mural. Mr. Fedewa stated that there are commercial/mixed-use building standards in Chapter 1246 of the Zoning Ordinance that require certain building materials, massing and articulation, and the amount of windows. The content of any mural is a matter of free speech, so the City does not have rules for artwork.

Mr. Jackson asked if a rezoning has a timeline and if the properties would revert back to DT-3 if Deep Green left the property. Mr. Fedewa stated that the zoning and the conditions, if approved, run with the land and would be applied to any successive owner. The zoning only reverts back if the applicant fails to commence work with the stated timeframe. A future owner would be allowed to request a different rezoning if they wanted to use the land for something other than a data center.

Mr. Lippert asked for clarification about the two rezoning requests, from November and the current one. Mr. Fedewa stated that the Z-2-2025 application only had one condition, that the parcels be used for a data center and accessory operations and that during the public hearing process with Council Deep Green verbally committed to other requests, but those were not

ultimately in the sale agreement on file. This Z-3-2026 request includes the data center use as well as a requirement to adhere to the DT-3 Site Layout Requirements and the Architectural Standards, and adhere to requirements on noise level. The sale agreement will include Deep Green's other commitments as decided on by the owners and Deep Green.

Mr. Ruge asked for clarification on the statement that the data center will have a lifespan of 20 years. Mr. Stolpestad answered that the lifespan of equipment is at least 20 years and this will be a substantial capital investment for Deep Green. Mr. Stolpestad relayed information about another project of an existing data center that is being renovated to be updated with contemporary technology so that that existing building can continue its use.

Ms. Alexander asked for information about what other locations were considered by the development team. Mr. Stolpestad stated that they considered multiple locations around downtown to be near the BWL system, including the former Cooley Law School building and parking lot.

Mr. Muchmore asked for confirmation that the proposed data center would have to be downtown for proximity to the BWL hot water infrastructure. Mr. Pressman confirmed that proximity is necessary and they have been negotiating with BWL for ten months.

Mr. Cox asked for the applicant to address previous comments about potential smells from operations. Mr. Pressman stated that the facility has three components, the data center which will be filtered, the back-up generators that will be enclosed and screened, and the fuel cell substation that will have lower emissions.

Mr. Lippert asked how close does the data center have to be to BWL facilities. Mr. Pressman stated that siting further and further away requires a much higher cost to connect the two components.

Mr. Ruge asked if the preliminary image released by Deep Green would meet the architectural standards. Mr. Fedewa answered that the rendering is preliminary for illustrative purposes and there is not enough information. Mr. Ruge asked if the building could have storefronts for third party use. Mr. Van Fossen stated that the proposed buyer has not asked for accessory commercial land use.

Ms. Alexander stated she appreciated the amount of work the applicant and the City have put into addressing issues and questions that have come up in terms of the rezoning request. Ms. Alexander stated she appreciated their responsiveness and work. Ms. Alexander was still concerned that this is an industrial use in the downtown core.

Mr. Ruge spoke on his vote in December and how he did not think the proposed data center aligned with a Stadium District plan, but that there is not a sub-area plan in place, so he has reconsidered the proposal.

On a roll call vote the motion carried 5-2. Mr. Cox and Ms. Alexander cast the dissenting votes.

C. Act-4-2026, 325 Riverfront Dr., Lansing Shuffle, Sale of Property.

Mr. Fedewa presented this request from Lansing Shuffleboard LL LLC and the City to sell a portion of the property at 325 Riverfront Dr. which currently hosts the building known as 'Lansing Shuffle'. The current existing parcel includes Rotary Park in addition to the building, but the park is not part of the proposed sale. An aerial is included in the agenda packet to show proposed boundaries. The subject parcel is dedicated park land. As such, the question to sell must be decided by the electors of Lansing during a general or special election. Because the applicant requested to purchase the property, as outlined in the terms of the lease agreement, the City is obligated to begin the process to place the question of selling the property on the August 4, 2026 primary election ballot.

The Parks Board is scheduled to review the question of placing the proposal on the ballot at their March 11, 2026 meeting. Planning Commission is reviewing the question of the sale as part of the established Act 33 review process.

Mr. Fedewa stated the current building opened in January 2010, replacing the original Lansing City Market that was at the southwest corner of E Shiawassee St. and N Cedar St. While originally serving as a farmer's market with tens of merchants, the building closed in 2019 and the site transitioned to a food court with dedicated restaurant vendors and shuffleboard courts over the course of 2021-2022 with a grand opening in January 2023. Before Lansing Shuffle came, the building was managed by the Lansing Entertainment and Public Facilities Authority (LEPFA), and operated at a loss since its opening, necessitating a general fund subsidy.

The Lansing Shuffle building is essentially commercial in character and not connected to typical parks or City functions/operations.

With support from the Parks and Recreation department and the Administration, and with the understanding that the proposed parcel is not necessary for City or park operations, staff recommends approval of the request to place the question of the sale of the proposed property on the August 4, 2026 ballot.

If the question to sell the land is approved by Lansing voters, the City will enter into sale agreement with Lansing Shuffle which will be subject to a public hearing at City Council and ultimately voted on by Council. There are some agency referral comments stating the need for various easements to be worked out at that time.

The parcel must be split prior to sale. If ultimately approved, the property will return to the tax rolls with the more productive land use captured. An estimate by the City Assessor predicts that the annual property tax will exceed the current annual rent paid by the applicant.

Mr. Jackson asked if Lansing Shuffle will have adequate parking after the split. Mr. Van Fossen answered that Lansing Shuffle does not currently own or have parking, but customers utilize the adjacent on-street and off-street city parking lots like other area businesses.

Mr. Ruge asked if the sales agreement will have terms to protect the building from demolition and resale. Mr. Fedewa answered that that will be something for the Administration and Lansing Shuffle to determine if Lansing voters approve the question of sale.

Mr. Lippert asked for clarification about the process, if Planning Commission is advising about placing the question of sale on the ballot or recommending the final sale. Mr. Fedewa confirmed that Planning Commission is being asked to determine their support for placing the question of the sale on the ballot.

Ms. Alexander asked when the parcels would be split. Mr. Fedewa stated that the split would be processed prior to sale, after an affirmative vote and if/when the sale agreement is approved.

Mr. O'Dell stepped away from the meeting at 8:20. Mr. O'Dell returned to the meeting at 8:23.

Kris Klein, President and Chief Executive Officer of Lansing Economic Development Corporation, and Jon Hartzell, co-owner of Lansing Shuffle, spoke on the history of the site, Mr. Hartzell's background and experience in Detroit, and the process to transition the former farmer's market to a food hall for restaurants. The Lansing Shuffle model is focused on providing the space, infrastructure, and major components for individual vendors to move into, while also activating the shared space.

Mr. Klein stated that an RFI was released in 2020 and a lease agreement with Lansing Shuffle followed with an original lease term to 2040, but with a provision included to sell the building if requested by Lansing Shuffle, after a minimum of three years and once a condition that taxes have been captured to repay all eligible activities described in the agreement were met.

Mr. Hartzell stated that they are requesting the purchase to secure long-term financial stability and more affordable terms for their secondary tenants. Their debt service structure changes if they possess ownership of the building. Mr. Hartzell committed to assessing what agreements can be continued in the sale agreement, such as continued public use of facilities and restrooms, and various utility usage for Rotary Park.

Mr. Klein outlined the process for the sale including review by Parks Board and City Council, the election, and then the future sale agreement which would be subject to a public hearing at City Council and City Council's vote.

Mr. Muchmore asked for clarification on what Lansing Shuffle offers secondary tenants. Mr. Hartzell stated they lease core equipment and restaurant space rather than just white-boxing the suite. Lansing Shuffle provides components such as major kitchen systems, hoods, fire suppression, three-compartment sinks, and grease interceptors.

Ms. Alexander opened the public hearing for Act-4-2026.

Sidney Mccalib, General Manager of Lansing Shuffle spoke on his experience as a resident and general manager for the business. Mr. Mccalib was supportive of the sale.

Ivan Droste stated that a sale may more beneficial to Lansing Shuffle rather than the City. Mr. Droste questioned how property taxes may change in the future and stated that city-owned resources are valuable until a sale removes it from its assets forever.

Seeing no one else wishing to speak, Ms. Alexander closed the public hearing for Act-4-2026.

Mr. Muchmore made a motion, seconded by Mr. Cox to recommend placing the question of selling 325 Riverfront Drive, Lansing Shuffle Building, on the August 4, 2026 ballot.

Mr. Ruge commented on the loss of a downtown city market and that it is unfortunate it was not successful. Mr. Ruge stated his opposition of selling City-owned property along the riverfront but understands how conditions change.

Ms. Alexander asked how the City acquired the property and if there may be conditions tied to how the City proceeds or what it may do, similar to a previous request to sell land adjacent to North Cemetery and donated to the City. Dan DuChene, Deputy City Attorney, stated that if there conditions it will be discovered during the sale agreement process and review of the deed.

On a roll call vote the motion carried unanimously (7-0).

5. COMMENTS FROM THE AUDIENCE – None

6. RECESS – Not taken

7. BUSINESS

A. Consent Items

- (1) Minutes for approval: February 3, 2026
The minutes from the February 3, 2026, Planning Commission meeting were approved without objection.**

B. Old Business – None

C. New Business – None

8. REPORT FROM PLANNING & ZONING OFFICE

Mr. Van Fossen thanked the Commissioners for their time and consideration and thanked staff for their work for this meeting.

9. COMMENTS FROM THE CHAIRPERSON

Ms. Alexander thanked the audience and recommended individuals consider signing up for a City board/commission to serve.

10. COMMENTS FROM COMMISSION MEMBERS

Commissioners thanked staff for their work and wished Zoning Administrator Sue Stachowiak well.

11. PENDING ITEMS: FUTURE ACTION REQUIRED – None

12. ADJOURNMENT – The meeting was adjourned at 8:47 p.m.



Valbridge
PROPERTY ADVISORS

Appraisal Report

Parking Lot #49/49A
E Kalamazoo Street
Lansing, Ingham County, Michigan 48912

Report Date: March 7, 2023



FOR:

City of Lansing
Shelbi Frayer
Deputy Mayor/Chief Strategy Officer
124 West Michigan Avenue
Lansing, Michigan 48933

**Valbridge Property Advisors |
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MI01-23-0040



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March 7, 2023

Shelbi Frayer
Deputy Mayor/Chief Strategy Officer
City of Lansing
124 West Michigan Avenue
Lansing, Michigan 48933

RE: Appraisal Report
Parking Lot #49/49A, E Kalamazoo Street, Lansing, Ingham County, Michigan 48912

Dear Ms. Frayer:

In accordance with your request, an appraisal of the above referenced property was performed. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to the value opinions. This letter of transmittal does not constitute an appraisal report and the rationale behind the value opinion(s) reported cannot be adequately understood without the accompanying appraisal report.

The subject property, as referenced above, is located the north side of Kalamazoo Street, between Larch and Cedar Streets and is further identified as tax parcel number 33-01-01-16-427-122 & -082. The subject site is a 2.23-acre or 96,921-square-foot parcel. The subject is a 2.23-acre or 96,921-square-foot site. Property is two parcels commonly known as parking lot #49 and #49A. Lot #49 is 1.217 acres and #49A is 1.008 acres per the City of Lansing Assessing records. Both sites are currently used as parking lots. The sites are irregular in shape and have access points from Cedar Street and Larch Street with frontage along Kalamazoo Street.

The analyses, opinions, and conclusions were developed, and this report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute; the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); and the requirements of my client.

The client in this assignment is City of Lansing and the intended users of this report are City of Lansing and no others and no others. The intended use is to assist in internal decision-making purposes and no other use.. The value opinions reported herein are subject to the definitions, assumptions, limiting conditions, and certifications contained in this report.

The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results:

Extraordinary Assumptions:

- None

Hypothetical Conditions:

- None

Based on the analysis contained in the following report, my value conclusions are summarized as follows:

Value Conclusion

Component	As Is
Value Type	Market Value
Real Property Interest	Fee Simple
Effective Date of Value	February 28, 2023
Value Conclusion	\$1,450,000
	\$14.96 psf

Respectfully submitted,

VALBRIDGE PROPERTY ADVISORS | Southern Michigan



James T. Hartman, MAI, SGA, AI-GRS
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JTH:BRD/mns
 File #MI01-23-0040

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Summary of Salient Facts

Property Identification

Property Name	Parking Lot #49/49A
Property Address	E Kalamazoo Street Lansing, Ingham County, Michigan 48912
Latitude & Longitude	42.73049, -84.545444
Tax Parcel Numbers	33-01-01-16-427-122 & -082
Property Owners	City of Lansing

Site

Zoning	Light Industrial (DT-2)
FEMA Flood Map No.	26065C0131D
Flood Zone	Zone X or C
Gross Land Area	96,921 square feet
Usable Land Area	96,921 square feet

Valuation Opinions

Highest & Best Use - As Vacant	Hold for redevelopment
Highest & Best Use - As Improved	Redevelopment
Reasonable Exposure Time	6 to 12 months
Reasonable Marketing Time	6 to 12 months

Value Indications

Approach to Value	As Is
Sales Comparison - Land Only	\$1,450,000
Cost	Not Developed
Income Capitalization	Not Developed

Value Conclusion

Component	As Is
Value Type	Market Value
Real Property Interest	Fee Simple
Effective Date of Value	February 28, 2023
Value Conclusion	\$1,450,000
	\$14.96 psf

Aerial and Front Views

AERIAL VIEW



FRONT VIEW



Location Map



Introduction

Client and Intended Users of the Appraisal

The client in this assignment is City of Lansing and the intended users of this report are City of Lansing and no others. Under no circumstances shall any of the following parties be entitled to use or rely on the appraisal or this appraisal report:

- i. The borrower(s) on any loans or financing relating to or secured by the subject property,
- ii. Any guarantor(s) of such loans or financing; or
- iii. Principals, shareholders, investors, members or partners in such borrower(s) or guarantors.

Intended Use of the Appraisal

The intended use of this report is to assist in internal decision-making purposes and no other use..

Real Estate Identification

The subject property is located at E Kalamazoo Street, Lansing, Ingham County, Michigan 48912. The subject property is further identified by the tax parcel number 33-01-01-16-427-122 & -082.

Legal Description

S 1/2 R OF E 1/2 LOT 5 & N 1.5 R OF E 1/2 LOT 6, BLOCK 241 ORIG PLAT, ALSO LOTS 1 THRU 7 INCL, JOHNS SUB REC L 1 P 51

LOT 8 JOHNS SUB, ALSO S 41.25 FT OF W 1/2 LOT 4, W 1/2 LOTS 5 & 6, AND S 57.75 FT OF N 132 FT OF E 1/2 LOT 5 EXC E 114.5 FT BLOCK 241 ORIG PLAT

Use of Real Estate as of the Effective Date of Value

As of the effective date of value, the subject was a parking lot.

Use of Real Estate as Reflected in this Appraisal

The as is opinion of value for the subject property reflects use as a parking lot.

Ownership of the Property

According to Public record, title to the subject property is vested in City of Lansing.

History of the Property

Ownership of the subject property has not changed within the past three years.

Active Listing/Offer/Contract

The subject property was not being marketed for sale and there were no unsolicited offers or pending contracts for sale.

Type and Definition of Value

The appraisal problem is to develop an opinion of the market value of the subject property. Market value is defined as the most probable price which a property should bring in a competitive and open market under all condition's requisite to a fair sale with the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- *buyer and seller are typically motivated;*
- *both parties are well informed or well advised, and acting in what they consider their own best interest;*
- *a reasonable time is allowed for exposure in the open market;*
- *payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale¹*

Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

Valuation Scenarios, Property Rights Appraised, and Effective Dates of Value

Opinions of value for the subject property were developed under the following valuation scenarios:

Valuation Scenario	Effective Date of Value
As Is Market Value of the Fee Simple Interest	February 28, 2023

Date of Report

The date of this report is March 7, 2023.

List of Items Requested but Not Provided

- None

Assumptions and Conditions of the Appraisal

This appraisal assignment and the opinions reported herein are subject to the General Assumptions and Limiting Conditions contained in the report and the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results.

Extraordinary Assumptions

- None

Hypothetical Conditions

- None

¹ FIRREA Code of Federal Regulations, Title 12, Part 34 Subpart C - 34.42, 1990; also Interagency Appraisal and Evaluation Guidelines, Federal Register / Vol.75, No. 237, 2010

Scope of Work

The elements addressed in the Scope of Work are (1) the extent to which the subject property is identified, (2) the extent to which the subject property is inspected, (3) the type and extent of data researched, (4) the type and extent of analysis applied, (5) the type of appraisal report prepared, and (6) the inclusion or exclusion of items of non-realty in the development of the value opinion. These items are discussed as below.

Extent to Which the Property Was Identified

The three components of the property identification are summarized as follows:

- Legal Characteristics - The subject was legally identified via parcel number, address.
- Economic Characteristics - The subject property economic characteristics were identified via operating statements, market participant surveys, my company database, and/or third-party sources.
- Physical Characteristics - The subject property physical characteristics were identified via an appraisal inspection of the property.

Extent to Which the Property Was Inspected

An appraisal inspection of the subject property an appraisal inspection that consisted of exterior observations was completed on February 28, 2023. The improvements were not measured during the course of the inspection.

Type and Extent of Data Researched

The following data was researched and analyzed: (1) market area data, (2) property-specific market data, (3) zoning and land-use data, and (4) current data on comparable listings and transactions. Professionals familiar with the subject market/property type were also interviewed.

Type and Extent of Analysis Applied (Valuation Methodology)

Surrounding land use trends, the condition of any improvements, demand for the subject property, and relevant legal limitations were observed in the process of concluding a highest and best use for the subject property. The subject property was then valued based on the highest and best use conclusion.

There are four primary methods available to develop a land value estimate: (1) sales comparison, (2) land residual method, (3) ground rent capitalization, and (4) subdivision development method (discounted cash flow). While other methods, such as extraction and allocation, are applicable under limited conditions, one or more of these approaches are used in most circumstances to derive an indication of land value.

- Sales Comparison Approach - In the sales comparison approach, value is indicated by recent sales and/or listings of comparable properties in the market, with the appraiser analyzing the impact of material differences in both economic and physical elements between the subject and the comparables.

- Direct Capitalization: Land Residual Method - The land residual methodology involves estimating the residual net income to the land by deducting from total potential income the portion attributable to the improvements, assuming development of the site at its highest and best use. The residual income is capitalized at an appropriate rate, resulting in an indication of land value.
- Direct Capitalization: Ground Rent Capitalization – A market derived capitalization rate is applied to the net income resulting from a ground lease. This can represent the leased fee or fee simple interest, depending on whether the income potential is reflective of a lease in place or market rental rates.
- Yield Capitalization: Subdivision Development Method – Also known as discounted cash flow analysis (DCF), the methodology is most appropriate for land having multiple lot development in the near term as the highest and best use. The current site value is represented by discounting the anticipated cash flow to a present value, taking into consideration all necessary costs of development, maintenance, administration, and sales throughout the absorption period.

All of these approaches to value were considered. The availability of data and applicability of each approach to value within the context of the characteristics of the subject property, along with the needs and requirements of the client, were assessed. Based on this assessment, the sales comparison approach was developed. The Cost Approach was not used because market participants rarely employ the Cost Approach in their buy/sell decision making processes for properties like the subject. The Income Capitalization Approach was not used because sufficient market data was not available to generate a credible opinion of market value from this approach. Further discussion of the extent of my analysis and the methodology of each approach is provided later in the respective valuation sections.

Appraisal Conformity and Report Type

The analyses, opinions, and conclusions were developed and this report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute; the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); and the requirements of my client. This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2a.

Personal Property/FF&E

All items of non-realty are excluded from this analysis. The opinion of market value developed herein is reflective of real estate only.

Regional and Market Area Analysis

REGIONAL MAP



Overview

The subject is located in Lansing, in Ingham County. It is part of the Lansing-East Lansing MSA.

Population

Population characteristics relative to the subject property are presented in the following table.

Population

Area	2020	Estimated 2022	Annual Δ 2020 - 22	Projected 2027	Annual Δ 2022 - 27
United States	331,449,281	335,707,897	0.6%	339,902,796	0.2%
Michigan	9,883,640	10,078,165	1.0%	10,054,399	0.0%
Lansing-East Lansing, MI (MSA)	534,684	540,938	0.6%	540,199	0.0%
Ingham County	280,895	284,951	0.7%	284,623	0.0%
Lansing city	110,163	108,183	-0.9%	108,074	0.0%

Source: ESRI (ArcGIS)

Employment

Employment by Industry - Lansing-East Lansing, MI (MSA)

Industry	2022 Estimate	Percent of Employment
Agriculture/Forestry/Fishing/Hunting	2,441	0.96%
Mining/Quarrying/Oil & Gas Extraction	103	0.04%
Construction	13,847	5.43%
Manufacturing	30,458	11.94%
Wholesale Trade	4,449	1.74%
Retail Trade	25,996	10.19%
Transportation/Warehousing	9,888	3.88%
Utilities	2,106	0.83%
Information	3,086	1.21%
Finance/Insurance	13,782	5.40%
Real Estate/Rental/Leasing	4,302	1.69%
Professional/Scientific/Tech Services	15,089	5.92%
Management of Companies/Enterprises	80	0.03%
Admin/Support/Waste Management Services	8,244	3.23%
Educational Services	34,671	13.60%
Health Care/Social Assistance	32,866	12.89%
Arts/entertainment/Recreation	3,825	1.50%
Accommodation/Food Services	18,238	7.15%
Other Services (excl Public Administration)	12,428	4.87%
Public Administration	19,108	7.49%
Total	255,007	100.0%

Source: ESRI (ArcGIS)

Median Household Income

Total median household income for the region is presented in the following table. Overall, the subject's MSA and county compare unfavorably to the state and the country.

Median Household Income

Area	Estimated 2022	Projected 2027	Annual Δ 2022 - 27
United States	\$62,203	\$67,325	1.6%
Michigan	\$63,818	\$75,735	3.5%
Lansing-East Lansing, MI (MSA)	\$63,263	\$75,381	3.6%
Ingham County	\$58,291	\$69,439	3.6%
Lansing city	\$46,089	\$52,980	2.8%

Source: ESRI (ArcGIS)

Unemployment Rates

Area	YE 2018	YE 2019	YE 2020	YE 2021	YE 2022
United States	3.9%	3.7%	8.1%	5.3%	3.6%
Michigan	4.2%	4.1%	10.0%	5.9%	3.8%
Lansing-East Lansing, MI (MSA)	3.6%	3.5%	7.7%	5.3%	3.6%
Ingham County, MI	3.7%	3.6%	7.8%	5.6%	3.6%
Lansing city, MI	5.2%	5.1%	11.0%	7.9%	5.2%

Source: www.bls.gov

Job Losses/Gains

Michigan's employment peaked in June of 2000 and experienced a continuous declining trend throughout the past decade. The following table summarizes the job losses/gains in total employment and manufacturing employment over the 21½ +/- year period from June 2000 through 2021.

STATE OF MICHIGAN EMPLOYMENT				
Year	Total Non-Farm Employment	Annual Job Loss/Gain	Manufacturing Employment	Annual Mfg. Job Loss/Gain
Jun-00	4,744,900		911,200	
2000	4,676,400	(68,500)	896,699	(14,501)
2001	4,563,700	(112,700)	821,200	(75,499)
2002	4,486,900	(76,800)	761,400	(59,800)
2003	4,415,900	(71,000)	717,500	(43,900)
2004	4,399,000	(16,900)	698,300	(19,200)
2005	4,389,700	(9,300)	677,500	(20,800)
2006	4,326,500	(63,200)	648,200	(29,300)
2007	4,267,800	(58,700)	617,300	(30,900)
2008	4,162,100	(105,700)	562,700	(54,600)
2009	3,870,500	(291,600)	454,900	(107,800)
2010	3,863,300	(7,200)	466,000	11,100
2011	3,952,100	88,800	501,400	35,400
2012	4,033,700	81,600	529,200	27,800
2013	4,109,700	76,000	548,400	19,200
2014	4,182,000	72,300	574,200	25,800
2015	4,243,500	61,500	590,900	16,700
2016	4,319,100	75,600	604,500	13,600
2017	4,369,100	50,000	616,100	11,600
2018	4,417,700	48,600	628,600	12,500
2019	4,442,700	25,000	654,600	26,000
2020	4,039,300	(403,400)	556,800	(97,800)
2021	4,193,500	154,200	583,700	26,900
Total Job Loss		(551,400)		(327,500)
% Decline over 20 1/2 +/- years		(11.6%)		(35.9%)

Source: Michigan Labor Market Info ~ www.milmi.org

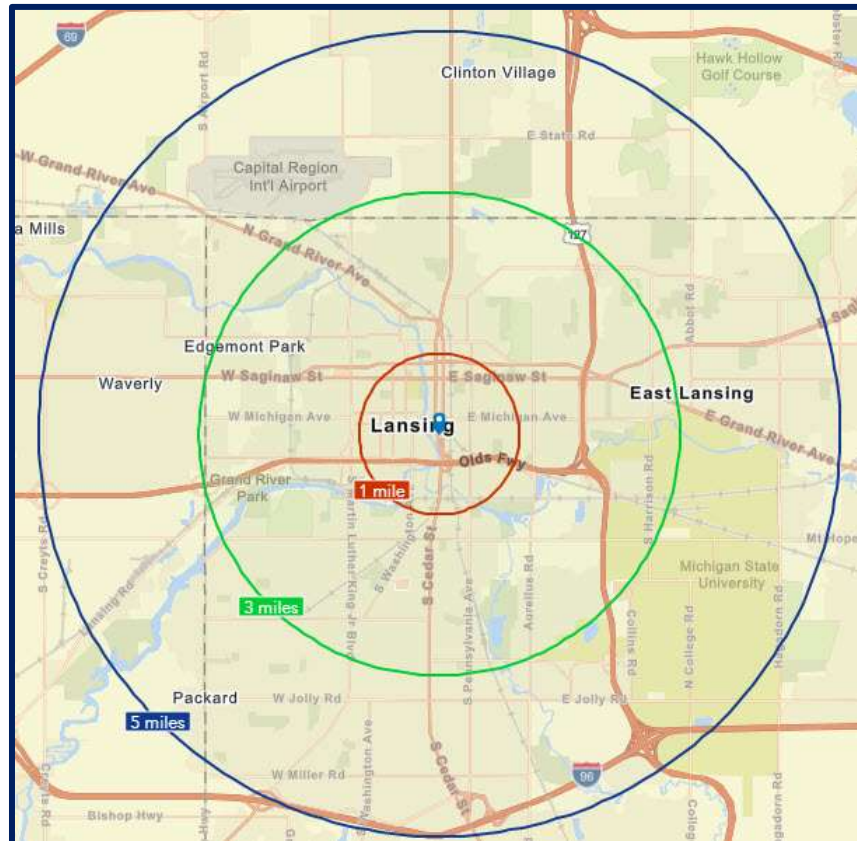
Unless noted, employment numbers are annualized

Peak employment levels within the state occurred in June of 2000 at 4,744,900 total non-farm jobs. Through 2009 a combined 881,600 jobs were lost, an 18.6% decline. Job losses have been particularly focused in the manufacturing sector. In June 2000 the manufacturing sector employed 911,200 persons, which declined through 2009 to 454,900, for a combined loss of 456,300 manufacturing jobs or a 50.1% decline. However, manufacturing in the state began to stabilize during 2010, finishing the year with a net gain of 11,100 jobs.

Prior to the pandemic, the continuing recovery in manufacturing has helped to turn overall non-farm employment in the State. The previous 5 years the State had added 260,700 jobs. According to MSU Center for Economic analysis, we see gross state product, a measure of all income generated in the state, to grow by 6.9 percent in 2023, down from 8.0 percent in 2022. Once adjusted for inflation, gross state product will only climb by 2.2 percent, down from 4.8 percent projected for 2022. We anticipate relatively strong growth in wages and salaries in 2023, driven largely by employment growth. Still, wage rates are expected to grow across all Michigan industries but is not anticipated to keep pace with inflation. Non-wage sources of income, like dividends, interest and rent are expected to rebound somewhat in 2023 from expected declines to growth of about 7.3 percent. This is assuming much of the stock valuation correction has already taken place in 2022.

City and Neighborhood Analysis

NEIGHBORHOOD MAP



Overview

The subject is located in Lansing in Ingham County.

Neighborhood Location and Boundaries

The subject neighborhood is located in the downtown section of Lansing. The area is urban in nature. The neighborhood is bounded by Interstate 69 to the north, Okemos Road to the east, Interstate 69 to the south, and Creyts Road to the west.

Transportation Access

Within the immediate area of the subject property, transportation access helps define the character of its development. Major travel and commuter routes within the area of the subject property include Interstate 496 and Cedar Street. Access to the area is considered good.

Demographics

The following table depicts the area demographics in Lansing within a one-, three-, and five-mile radius from the subject.

Neighborhood Demographics

Radius (Miles)	1 Mile	3 Mile	5 Mile
Population Summary			
2010 Population	11,338	94,325	200,148
2022 Population Estimate	11,513	91,985	198,833
2027 Population Projection	11,544	92,057	198,586
Annual % Change (2022 - 2027)	0.1%	0.0%	0.0%
Housing Unit Summary			
2010 Housing Units	6,435	43,502	88,198
% Owner Occupied	23.5%	48.1%	46.0%
% Renter Occupied	61.3%	40.8%	44.9%
2022 Housing Units	6,813	43,605	90,797
% Owner Occupied	19.6%	45.9%	44.6%
% Renter Occupied	65.1%	43.6%	46.4%
2027 Housing Units	6,821	43,935	91,320
% Owner Occupied	20.1%	46.4%	45.2%
% Renter Occupied	65.2%	42.9%	45.6%
Annual % Change (2022 - 2027)	0.0%	0.2%	0.1%
Income Summary			
2022 Median Household Income Estimate	\$36,977	\$47,607	\$48,528
2027 Median Household Income Projection	\$43,601	\$54,582	\$56,062
Annual % Change	3.4%	2.8%	2.9%
2022 Per Capita Income Estimate	\$26,456	\$27,926	\$29,136
2027 Per Capita Income Projection	\$31,530	\$33,200	\$34,329
Annual % Change	3.6%	3.5%	3.3%

Source: ESRI (ArcGIS)

(Lat: 42.73049, Lon: -84.545444)

Nuisances & External Obsolescence

Neighborhood properties have adequate levels of maintenance. No adverse or unfavorable factors were observed.

Conclusion

Most neighborhoods are classified as being in four stages: growth, stability, decline, and renewal. Overall, the subject neighborhood is in the stability stage of its life cycle.

Site Description

The subject site is located the north side of Kalamazoo Street, between Larch and Cedar Streets. The characteristics of the site are summarized as follows:

Site Characteristics

Gross Land Area:	2.23 Acres or 96,921 SF
Usable Land Area:	2.23 Acres or 96,921 SF
Usable Land %:	100.0%
Shape:	Irregular
Average Depth:	400.00 feet
Topography:	Level
Drainage:	Appears adequate
Grade:	At street grade
Utilities:	All utilities
Off-Site Improvements:	Concrete sidewalks surrounding the site.
Interior or Corner:	Double Corner
Signalized Intersection:	Yes: - Traffic signal at the site that enhances access

Street Frontage / Access

Frontage Road	Primary	Secondary	Tertiary
Street Name:	E Kalamazoo Street	Cedar Street	Larch Street
Street Type:	Industrial/Commercial	Industrial/Commercial	Commercial/Industrial
Frontage (Linear Ft.):	220.00	400.00	270
Number of Curb Cuts:	0	4	1

Additional Access

Alley Access:	No
Water or Port Access:	No
Rail Access:	No

Flood Zone Data

Flood Map Panel/Number:	26065C0131D
Flood Map Date:	08-16-2011
Portion in Flood Hazard Area:	0.00%
Flood Zone:	Zone X or C

Zones C and X are the flood insurance rate zones that correspond to areas outside the 1-percent annual chance floodplain, areas of 1-percent annual chance sheet flow flooding where average depths are less than 1 foot, areas of 1-percent annual chance stream flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 1-percent annual chance flood by levees. No Base Flood Elevations or depths are shown within this zone. Insurance purchase is not required in these zones.

Other Site Conditions

Soil Type:	Assumed to be stable. No soil report of the subject has been made available or reviewed; however, it is assumed that the soil is of sufficient load-bearing capacity to support the existing structure. No evidence to the contrary is known.
Environmental Issues:	The reader of this report is cautioned that the appraisers are not qualified environmental inspectors. It is recommended that any user obtain an environmental audit of the entire property to ascertain its status relative to these items. Also, it is assumed that no hazardous substance, past, present, or future exists on the subject property that would affect the subject's marketability or market value.
Easements/Encroachments:	None known that would adversely affect development
Earthquake Zone:	The site is not located in an earthquake zone.
Wetlands Classification:	None

Adjacent Land Uses

North:	Commercial industrial
South:	Fast food restaurant
East:	Commercial industrial
West:	Industrial

Site Ratings

Access:	Good
Visibility:	Good

Zoning Designation

Zoning Jurisdiction:	City of Lansing
Zoning Classification:	DT-2, Urban Flex
General Plan Designation:	Parking lot
Permitted Uses:	A variety of uses
Zoning Comments:	The intent and purpose of the DT-2 Urban Flex District is to foster a mixture of residential, commercial, and industrial uses that complement the nearby Downtown Core and Mixed-Use Corridors. The urban flex districts generally are areas transitioning from older industrial and auto-oriented uses with pockets of residential to higher density modern infill and adaptive reuse. These areas are characterized by an eclectic mixture of entertainment, retail, residential, and lower intensity industrial uses in a warehouse setting. Along activity corridors, ground floor uses should be those that generate pedestrian activity along the street front through the location of doors, windows, and displays.


Analysis/Comments on Site

Based on the characteristics above, the site is suitable for a variety of legal uses.

TAX PLAT



FLOOD MAP

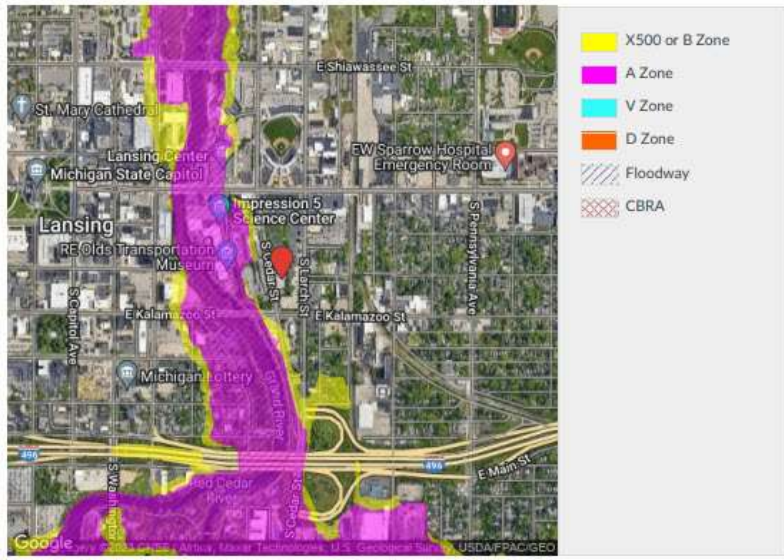

RiskMeter

229 S CEDAR ST LANSING, MI 48912-1122
LOCATION ACCURACY: ✔ Excellent

Flood Zone Determination Report

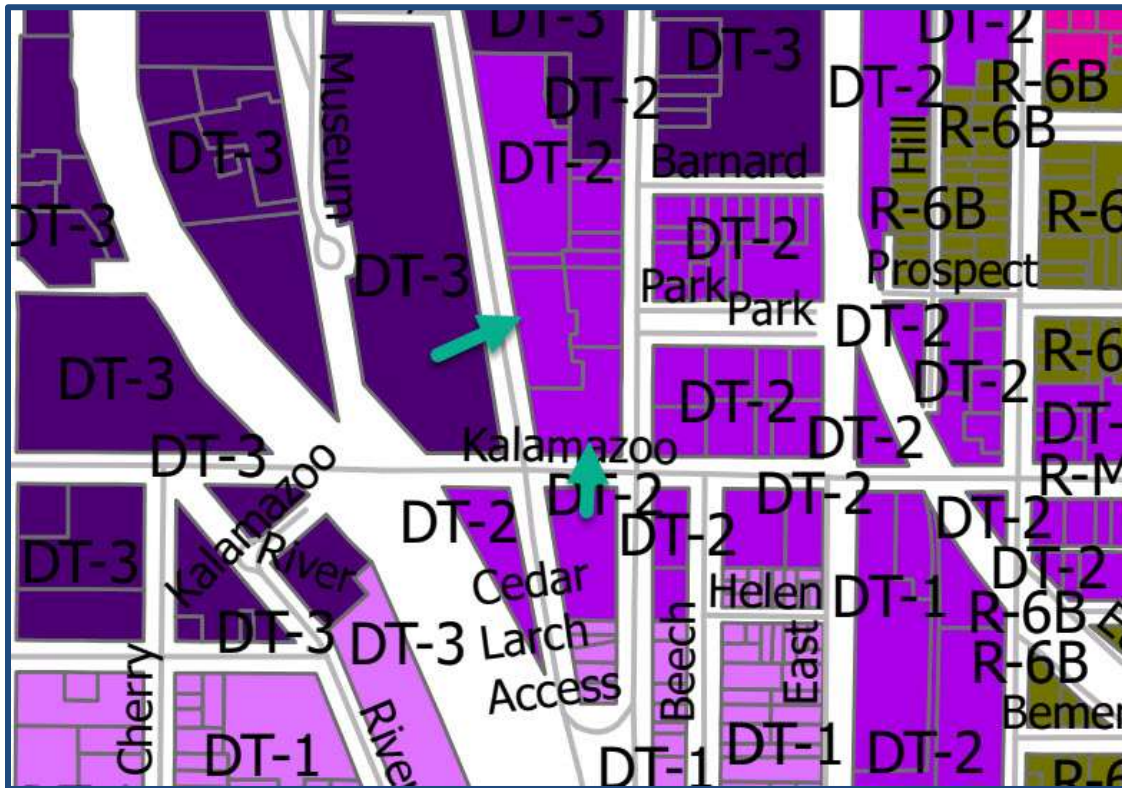
Flood Zone Determination: OUT

COMMUNITY	260090	PANEL	0131D
<hr/>			
PANEL DATE	August 16, 2011	MAP NUMBER	26065C0131D



- X500 or B Zone
- A Zone
- V Zone
- D Zone
- Floodway
- CBRA

ZONING MAP



Legend

- | | | | |
|--------------------------------|-------------------------------------|--|-----------------------------------|
| ■ R-1 - Residential | ■ R-6B - Urban Residential | ■ MX-1 - Mixed-Use Neighborhood Center | ■ IND-1 - Suburban Industrial |
| ■ R-2 - Residential | ■ R-MX - Mixed Residential | ■ MX-2 - Mixed-Use Community Center | ■ IND-2 - General Industrial |
| ■ R-3 - Residential | ■ MFR - Multi-Family Residential | ■ MX-3 - Mixed-Use District Center | ■ IND-3 - Urban Industrial |
| ■ R-4 - Urban Edge Residential | ■ R-AR - Residential Adaptive Reuse | ■ DT-1 - Urban Edge | ■ INST-1 - Suburban Institutional |
| ■ R-5 - Urban Residential | ■ SC - Suburban Commercial | ■ DT-2 - Urban Flex | ■ INST-2 - Urban Institutional |
| ■ R-6A - Urban Residential | ■ MX-C - Mixed-Use Urban Corridor | ■ DT-3 - Downtown Core | |

Assessment and Tax Data

Assessment Methodology

Property assessments are initially established by the local assessor and are intended to reflect 50% of the “true cash value” (also known as market value) of the property on the Tax Day, December 31, of each year. The local assessment is then subject to equalization, which results in the property’s State Equalized Value (S. E. V.).

To determine the current year’s capped value, the assessor is required to multiply the prior year’s capped assessment by the CPI increase (inflation rate multiplier). The lesser of the S. E. V. and capped assessed value is the current year’s taxable value for that property. When a transfer of ownership occurs, the next year’s taxable value is generally based on the S.E.V. that had been calculated annually. The actual sale price must not be the sole basis of the new S.E.V. for that property.

Each property assessed for real estate tax purposes in the State of Michigan has a S.E.V., capped value, and a taxable value. Generally, the capped value is lower, reflecting long-term ownership. The S.E.V. is to represent 50% of true cash value. This appraisal has used the S.E.V. (assessed value) for calculating the real estate taxes. Real property taxes are determined on the basis of a tax rate per thousand dollars of S.E.V. (assessed value).

Assessed Values and Property Taxes

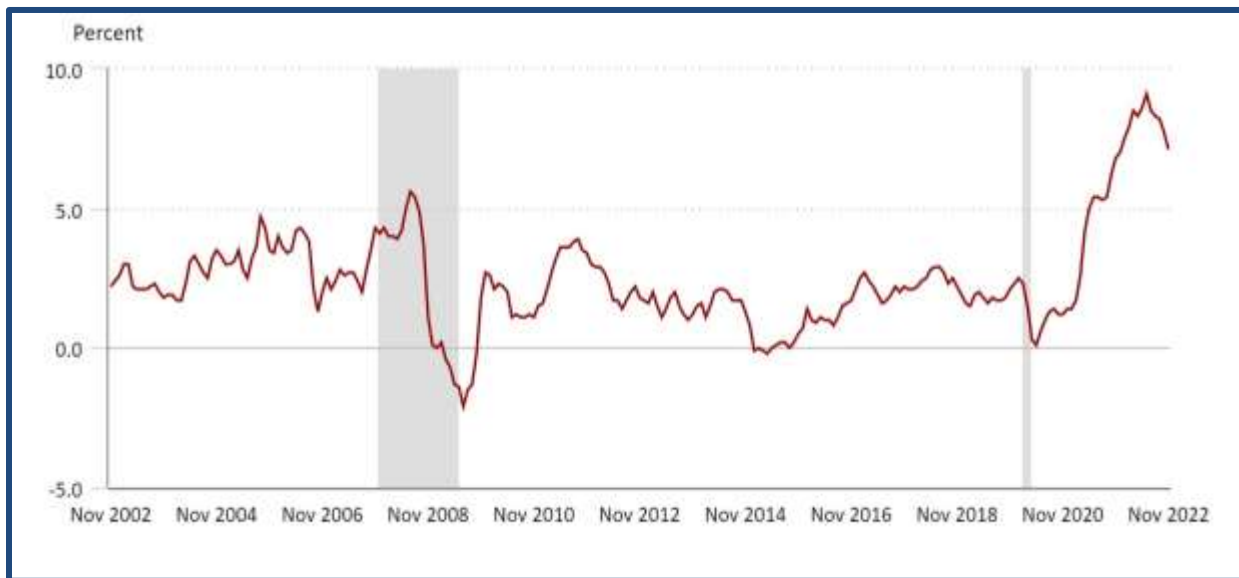
The property is owned by the city and is tax exempt.

Market Analysis

Inflation

Inflation is perhaps the biggest 2023 concern for CRE markets and investors. High inflation rates are being driven by both demand (stimulus, more businesses opening, high savings rates) and supply factors (labor shortages and supply chain disruptions). While at the highest rate in 30 years, inflation will likely stay high for the next year. The following table presents historical inflations rates:

ANNUAL CPI RATE OF CHANGE



Source: U.S. Bureau of Labor Statistics

The November 2022 CPI reading was an annual rate of 7.1%, down from the annual rate of 9.0% in June, a pace not seen since 1990. Because of the unique nature of the causes of this rate of inflation, the demand outlook does not point to accelerating inflation over the medium term, which is most important for the overall economic outlook and for decision makers at the Federal Reserve. Market participants anticipate that the Fed will continue to hike interest rates in early 2023 to combat inflation. The biggest risk is that unexpected runaway inflation would be damaging to the economy and negatively affect commercial property markets. However, this is not the expected scenario and elevated inflation can have a net positive impact on commercial property values.

Interest Rates

To combat inflation, the Federal Reserve raised the federal funds rate by 25 basis points in March 2022, reflecting the first increase since 2018. However, this increase had little to no impact in year over year inflation and the Federal Reserve raised rates by an additional 50 basis points in May 2022, followed by 75 basis points in June, July, September, and November 2022. Interest rate increases were moderated in December at 50 basis points in response to CPI rolling over.

Interest rate increases affect capital-intensive industries like real estate. As credit becomes more expensive, investor return requirements increase, which can lead to higher capitalization rates expectations. As inflation persists and the market anticipates additional rate hikes by the Fed, slower growth in CRE pricing and transactions is expected.

In general, nominal (non-inflation adjusted) real estate returns perform well under a variety of rate environments, while inflation-adjusted real estate returns are strongest during periods of stability, according to research done by Trepp. In a March 2022 report on interest rates and commercial real estate, moderate declines or slight increases (0 to 50 basis points) create the strongest returns, with median annual growth at 3.1%. Trepp outlined the following possible impacts of higher interest rates on major CRE sectors:

Multifamily

Issuance in this sector surged in the low-interest-rate environment of 2020 and 2021. Sharply higher interest rates put a dent in issuance in late 2022, as higher borrowing costs reduced demand for debt financing. In the long-term, issuance could rebound. Despite the current trend of declining unemployment and rising income, wage inflation is outpacing price inflation as of now. If this inflation trend continues, consumer demand could be pushed further toward rental properties.

However, the market is currently experiencing a shift away from renting. According to data from the United States Census Bureau, the homeownership rate increased to 65.5% in Q4 2021, a decline from the Q2 2020 peak of 67.9% (a rate height that has yet to be surpassed by those seen post-2008 financial crisis). Additionally, those between the ages of 25 to 29 have increased their homeownership share to 35.4%, up from 34.8% a year earlier, possibly suggesting that younger families are moving away from renting.

Office

The office sector also benefited from the low-interest-rate environment. However, rising interest rates have resulted in an overall drag on growth in 2022 with some companies reducing their projections for future office space needs. With that in mind, landlords have been more willing to lock in tenants at their current rates rather than risk losing them. However, firms are in the midst of the debate over hybrid, in-person, and fully remote expectations from employees, and some are choosing to offload their excess office spaces and either downsize or do away with their in-person spaces for good.

Additionally, rising rates have been problematic when it comes to refinancing. The office market is already in turmoil and rising interest rates are adding to the uncertainty in the market.

Retail

With rising interest rates and a slowing economy, some retailers may curtail plans for growth in response to an up-and-coming potential drop in disposable consumer income. This curtailment may make it more difficult to backfill vacant spaces and lead to consolidation by retailers. Investors could choose to approach 2023 with a more conservative view of retail occupancy going forward.

Lodging

The hotel industry faces challenges from both a supply and demand perspective. CMBS lenders abruptly stopped funding loans when the pandemic took effect in 2020, but, since then lodging loan issuance has picked up. While this seems like good news, the uptick in issuance could prove too fast and there is a potential for the supply to outpace demand. There may not be enough demand to absorb the new supply if consumers and businesses maintain and reduce their levels of spending.

Conclusions

Various market participants will feel the effects of rising interest rates. As highlighted above, each sector of the CRE space will react differently to these rising rates. Ultimately there was some volatility in late 2022 experience across most CRE sectors, which is expected to continue until interest rates moderate.

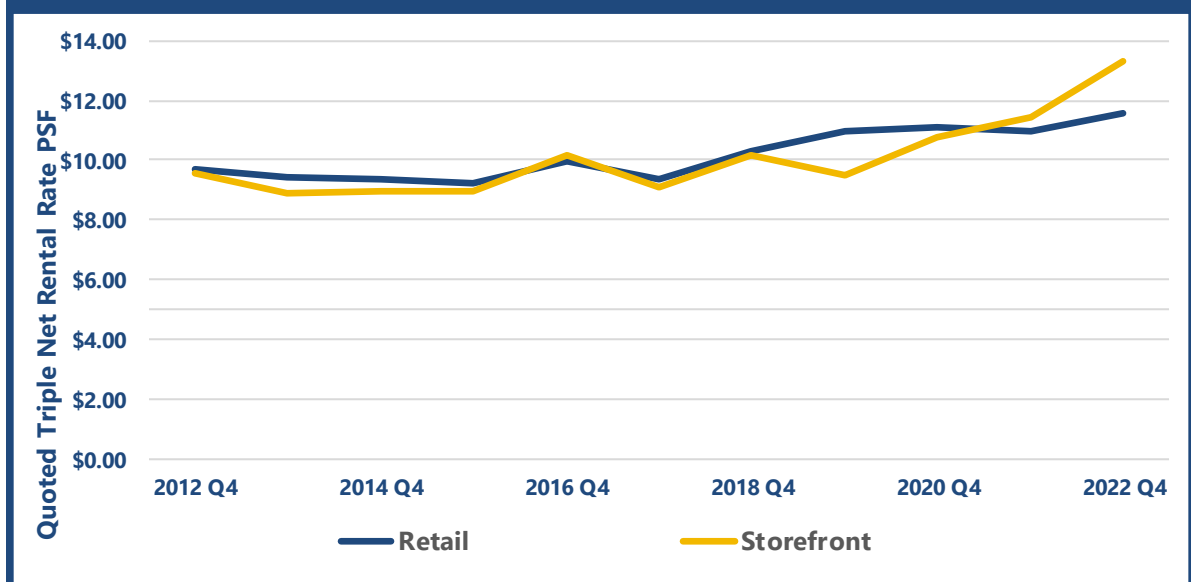
Local Market Performance

Market analysis is a study of market conditions for a specific property type. The following market analysis of the Lansing MSA Retail property market is based on data obtained from the CoStar Group, Inc., a leading provider of real estate information services. The analysis presents the subject property’s macro and micro markets and includes a breakdown of Storefront space. The following is the Lansing MSA retail market map, as presented by CoStar Group, Inc.:

COSTAR SUBMARKET MAP



LANSING MSA - QUOTED RENTAL RATE TRENDS



Time Period	2022 Q4	1-Year	3-Year	5-Year	10-Year
Lansing MSA - Retail	\$11.58 PSF	\$11.00 PSF	\$10.97 PSF	\$9.39 PSF	\$9.67 PSF
<i>Annual Growth Rate</i>	-	5.3%	1.8%	4.3%	1.8%
Lansing MSA - Storefront	\$13.33 PSF	\$11.45 PSF	\$9.48 PSF	\$9.08 PSF	\$9.56 PSF
<i>Annual Growth Rate</i>	-	16.4%	12.0%	8.0%	3.4%

Source: CoStar Group, Inc.

Lansing MSA - Retail

The Lansing MSA had a 2022 4th Quarter average quoted rental rate of \$11.58 per square foot for Retail space, compared to \$11.00 in the 2021 4th Quarter, or a 5.3% increase over the prior year. This was higher than the long-term trend.

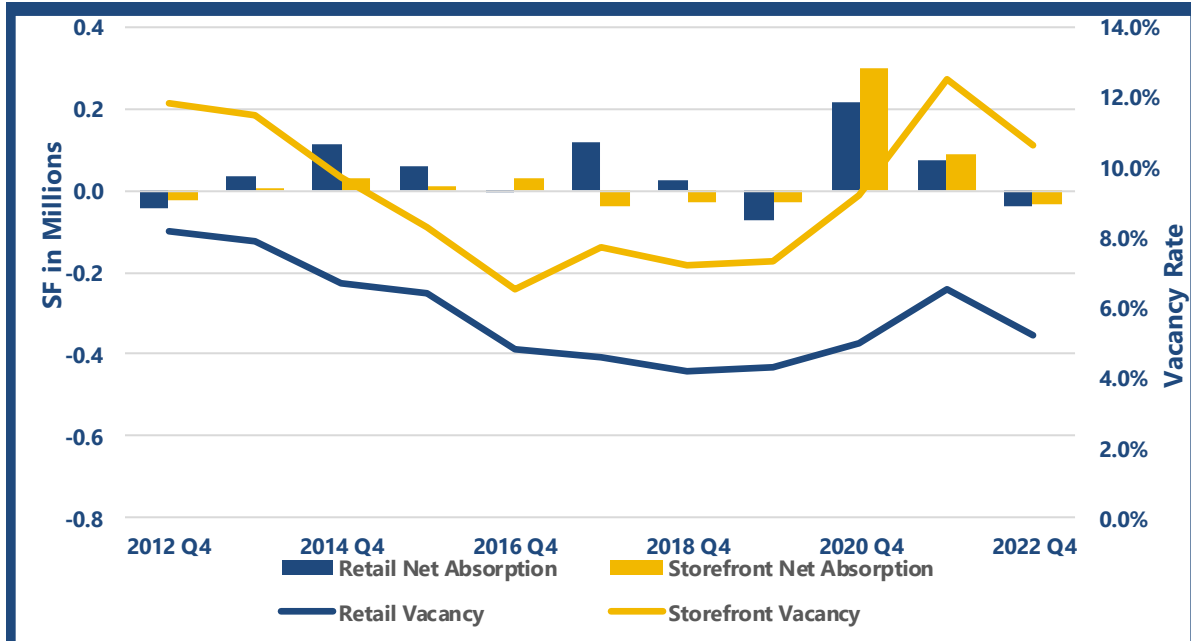
Lansing MSA - Storefront

The Lansing MSA had a 2022 4th Quarter average quoted rental rate of \$13.33 per square foot for Storefront space, compared to \$11.45 in the 2021 4th Quarter, or a 16.4% increase over the prior year. This was higher than the long-term trend.

Sector Comparison

The average quoted rental rate for Storefront space was 15.1% higher than Retail space and the long-term growth trend was higher.

LANSING MSA - VACANCY AND NET ABSORPTION TRENDS



Time Period	2022 Q4	1-Year	3-Year	5-Year	10-Year
Lansing MSA - Retail	5.2%	6.5%	4.3%	4.6%	8.2%
<i>Avg. Annual Net Absorp. SF</i>	-	392.1K	55.5K	71.1K	169.2K
<i>Avg. Annual Deliveries SF</i>	-	19.6K	208K	167.7K	160.6K
Lansing MSA - Storefront	10.6%	12.5%	7.3%	7.7%	11.8%
<i>Avg. Annual Net Absorp. SF</i>	-	159.3K	32.4K	15.8K	46.5K
<i>Avg. Annual Deliveries SF</i>	-	3.5K	134.7K	82.7K	53.1K

Source: CoStar Group, Inc.

Lansing MSA - Retail

The Lansing MSA had a 2022 4th Quarter vacancy rate of 5.2% for Retail space. Net absorption was positive with 392,133 square feet absorbed in the prior year and 19,582 square feet delivered. This resulted in a vacancy rate decrease of 130 basis points.

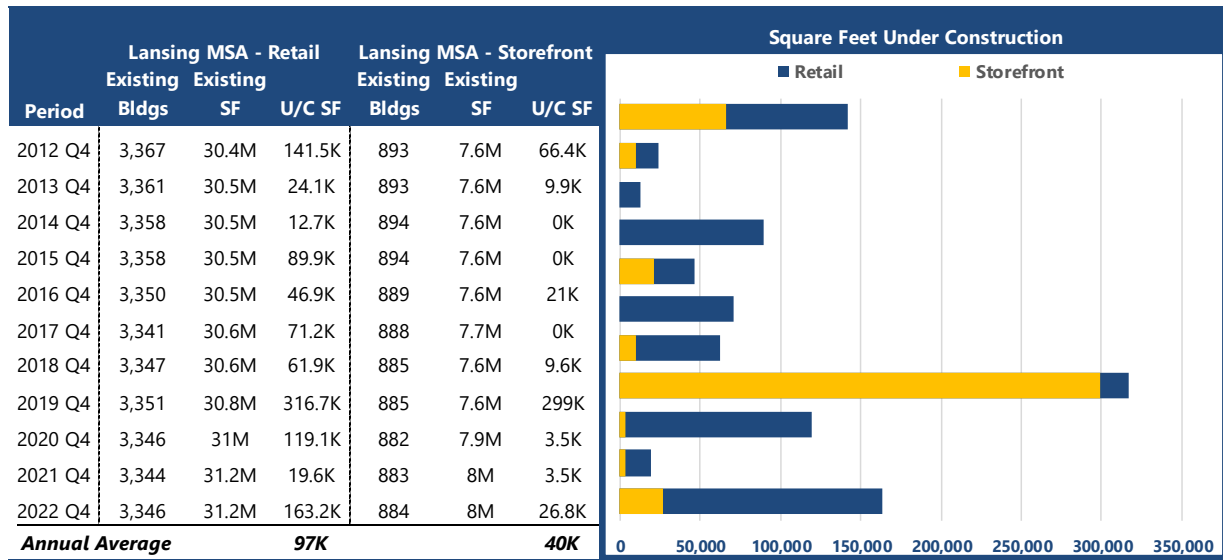
Lansing MSA - Storefront

The Lansing MSA had a 2022 4th Quarter vacancy rate of 10.6% for Storefront space. Net absorption was positive with 159,332 square feet absorbed in the prior year and 3,500 square feet delivered. This resulted in a vacancy rate decrease of 190 basis points.

Sector Comparison

The vacancy rate for Storefront space was higher than retail space. Both sectors had vacancy rates that were relatively consistent with the long-term trend.

LANSING MSA - EXISTING SUPPLY AND CONSTRUCTION TRENDS



Source: CoStar Group, Inc.

Lansing MSA - Retail

There were 3,346 buildings totaling 31.23 million square feet of Retail space in the Lansing MSA with 163,163 square feet under construction in the 2022 4th Quarter. New construction represented 0.5% of existing supply.

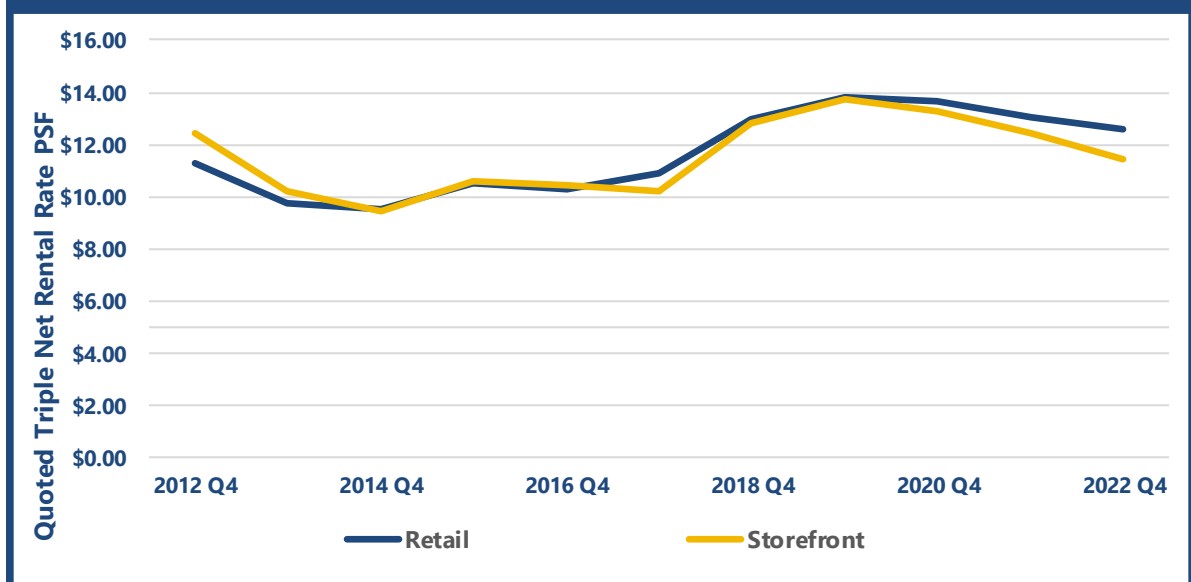
Lansing MSA - Storefront

There were 884 buildings totaling 8 million square feet of Storefront space in the Lansing MSA with 26,800 square feet under construction in the 2022 4th Quarter. New construction represented 0.3% of existing supply.

Sector Comparison

Storefront space represented 25.6% of existing supply and 16.4% of new construction in the 2022 4th Quarter.

CENTRAL LANSING - QUOTED RENTAL RATE TRENDS



Time Period	2022 Q4	1-Year	3-Year	5-Year	10-Year
Central Lansing - Retail	\$12.61 PSF	\$13.03 PSF	\$13.83 PSF	\$10.89 PSF	\$11.26 PSF
Annual Growth Rate	-	-3.2%	-3.0%	3.0%	1.1%
Central Lansing - Storefront	\$11.40 PSF	\$12.46 PSF	\$13.76 PSF	\$10.17 PSF	\$12.41 PSF
Annual Growth Rate	-	-8.5%	-6.1%	2.3%	-0.8%

Source: CoStar Group, Inc.

Central Lansing - Retail

The Central Lansing had a 2022 4th Quarter average quoted rental rate of \$12.61 per square foot for Retail space, compared to \$13.03 in the 2021 4th Quarter, or a 3.2% decrease over the prior year. This was lower than the long-term trend.

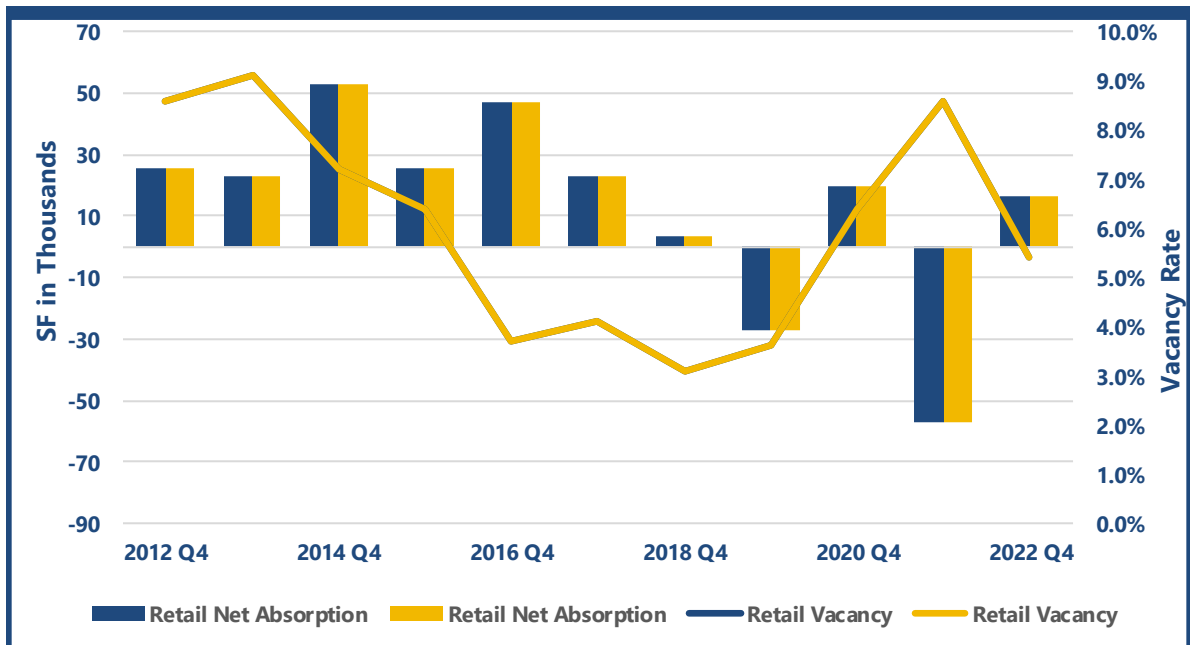
Central Lansing - Storefront

The Central Lansing had a 2022 4th Quarter average quoted rental rate of \$11.40 per square foot for Storefront space, compared to \$12.46 in the 2021 4th Quarter, or a 8.5% decrease over the prior year. This was lower than the long-term trend.

Sector Comparison

The average quoted rental rate for Storefront space was 9.6% lower than Retail space and the long-term growth trend was lower.

CENTRAL LANSING - VACANCY AND NET ABSORPTION TRENDS



Time Period	2022 Q4	1-Year	3-Year	5-Year	10-Year
Central Lansing - Retail	5.4%	8.6%	3.6%	4.1%	8.6%
<i>Avg. Annual Net Absorp.</i>	-	228.3K	-38.4K	-10.1K	34.4K
<i>Avg. Annual Deliveries</i>	-	2K	15.5K	16.4K	29.7K
Central Lansing - Retail	5.4%	8.6%	3.6%	4.1%	8.6%
<i>Avg. Annual Net Absorp.</i>	-	228.3K	-38.4K	-10.1K	34.4K
<i>Avg. Annual Deliveries</i>	-	2K	15.5K	16.4K	29.7K

Source: CoStar Group, Inc.

Central Lansing - Retail

The Central Lansing had a 2022 4th Quarter vacancy rate of 5.4% for Retail space. Net absorption was positive with 228,342 square feet absorbed in the prior year and 2,000 square feet delivered. This resulted in a vacancy rate decrease of 320 basis points.

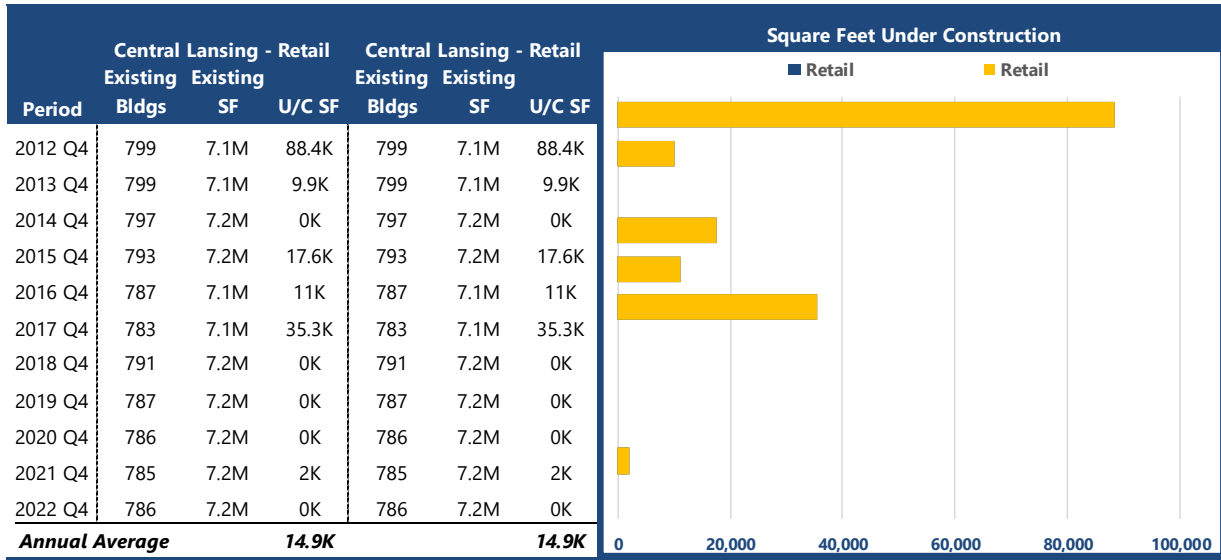
Central Lansing - Retail

The Central Lansing had a 2022 4th Quarter vacancy rate of 5.4% for Storefront space. Net absorption was positive with 228,342 square feet absorbed in the prior year with 2,000 square feet delivered. This resulted in a vacancy rate decrease of 320 basis points.

Sector Comparison

The vacancy rate for Storefront space was similar than retail space. Both sectors had vacancy rates that were relatively consistent with the long-term trend.

CENTRAL LANSING - EXISTING SUPPLY AND CONSTRUCTION TRENDS



Source: CoStar Group, Inc.

Central Lansing - Retail

There were 786 buildings totaling 7.2 million square feet of Retail space in the Central Lansing with 0 square feet under construction in the 2022 4th Quarter. No new construction was occurring.

Central Lansing - Retail

There were 786 buildings totaling 7.2 million square feet of Storefront space in the Central Lansing with 0 square feet under construction in the 2022 4th Quarter. No new construction was occurring.

Sector Comparison

Storefront space represented 100.0% of existing supply and no new construction in the 2022 4th Quarter.

Market Analysis Conclusions

The rental rate trends, vacancy rate and absorption trends, and existing supply and new construction levels indicate the market is in equilibrium.

Highest and Best Use Analysis

The Highest and Best Use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

Highest and Best Use As Vacant

The primary determinants of the highest and best use as vacant are (1) Legal permissibility, (2) Physical possibility, (3) Financial feasibility, and (4) Maximum productivity.

Legally Permissible

The subject site is zoned DT-2, Urban Flex I, which controls the general nature of permissible uses and is appropriate for the location and physical elements of the subject property, providing for a consistency of use with the general neighborhood. The location of the subject property is appropriate for the uses allowed, as noted previously, and a change in zoning is unlikely. There are no known easements, encroachments, covenants or other use restrictions that would unduly limit or impede development.

Physically Possible

The physical characteristics of the subject site are presented in the Site Description and allow for a number of potential uses. Elements such as size, shape, availability of utilities, known hazards (flood, environmental, etc.), and other potential influences were considered. No physical attributes materially limit legally permissible and appropriate development. The most probable use of the site is for commercial/office/residential (mixed use) development, which conforms to the pattern of land use in the immediate area.

Financially Feasible

The probable use of the site for commercial/office/residential (mixed use) development conforms to the pattern of land use in the market area. A review of published yield, rental and occupancy rates suggest that there is a balanced supply and demand is insufficient to support construction costs and ensure timely absorption of additional inventory in this market. Therefore, near-term speculative development of the subject site is not financially feasible.

Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. Considering these factors, the maximally productive use as vacant is to hold for development.

Highest and Best Use As Vacant Conclusion

The conclusion of the highest and best use as vacant is to hold for development.

Analysis of Highest and Best Use as Improved

The primary determinants of the highest and best use of the property As Though Vacant are the issues of (1) Legal permissibility, (2) Physical possibility, (3) Financial feasibility, and (4) Maximum productivity.

Legally Permissible

The subject site is zoned DT-2, Urban Flex which controls the general nature of permissible uses but is appropriate for the location and physical elements of the subject property, providing for a consistency of use with the general neighborhood. The location of the subject property is appropriate for the uses allowed, as noted previously, and a change in zoning is unlikely. There are no known easements, encroachments, covenants or other use restrictions that would unduly limit or impede development.

Physically Possible

The physical attributes allow for a number of potential uses. Elements such as size, shape, availability of utilities, known hazards (flood, environmental, etc.), and other potential influences are described in the Site Description and have been considered. There are no items of a physical nature which would adversely impact development with the legal permitted uses. The subject currently is used as a surface parking lot.

Financially Feasible

The probable use of the site for redevelopment conforms to the pattern of land use in the market area. A review of published yield, rental and occupancy rates suggest that there is a balanced supply and demand is sufficient to support construction costs and ensure timely absorption of additional inventory in this market. Therefore, near-term speculative development of the subject site is financially feasible. The subject site has potential to be developed for a mixed-use building, commercial/residential/office. The location of the subject is attractive and would be able to command rates near the top of the market.

I was provided with historical income and expenses of the parking lot for the past three years. Looking at the options of continued use as a parking lot or redevelopment to office use, it was determined that it is not financially feasible to continue to use the subject as a parking lot.

The Gross Income for the subject the past three years was \$22,741 (2020), \$7,771 (2021), and \$5,143 (2022). Since covid began in 2020, the State of Michigan workers were no longer working in offices and still have not fully returned. This has eliminated the need for parking in the city of Lansing. The income numbers are on the decline and do not support the continued use of a parking lot.

I have considered the additional income the subject would generate during the time that it remains a parking lot (during planning/approval stage). I have decided that this would not contribute to the value of the property as the cost to raze the property would cancel out the additional income that the parking lot generates.

Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. Looking at the options of continued use as a parking lot or redevelopment, it was determined that it would be maximally productive to redevelop the site. The value as vacant exceeds the value as improved. Considering these factors, the maximally productive use is for redevelopment. The maximally productive use is a mixed-use building with, commercial, and residential.

Conclusion of Highest and Best Use As Improved

The conclusion of the highest and best use As Though Vacant is for redevelopment.

Most Probable Buyer

As of the date of value, the most probable buyer of the subject property is an investor.

Land Valuation

Methodology

Site Value is most often estimated using the sales comparison approach. This approach develops an indication of market value by analyzing closed sales, listings, or pending sales of properties similar to the subject, focusing on the difference between the subject and the comparables using all appropriate elements of comparison. This approach is based on the principles of supply and demand, balance, externalities, and substitution, or the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership.

Unit of Comparison

The unit of comparison selected depends on the appraisal problem and nature of the property and is intended to explain or mirror market behavior. The primary unit of comparison in the market and applied in this analysis is price per usable square foot.

Elements of Comparison

Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The primary elements of comparison considered in sales comparison analysis are as follows: (1) property rights conveyed, (2) financing terms, (3) conditions of sale, (4) expenditures made immediately after purchase, (5) market conditions, (6) location and (7) physical characteristics.

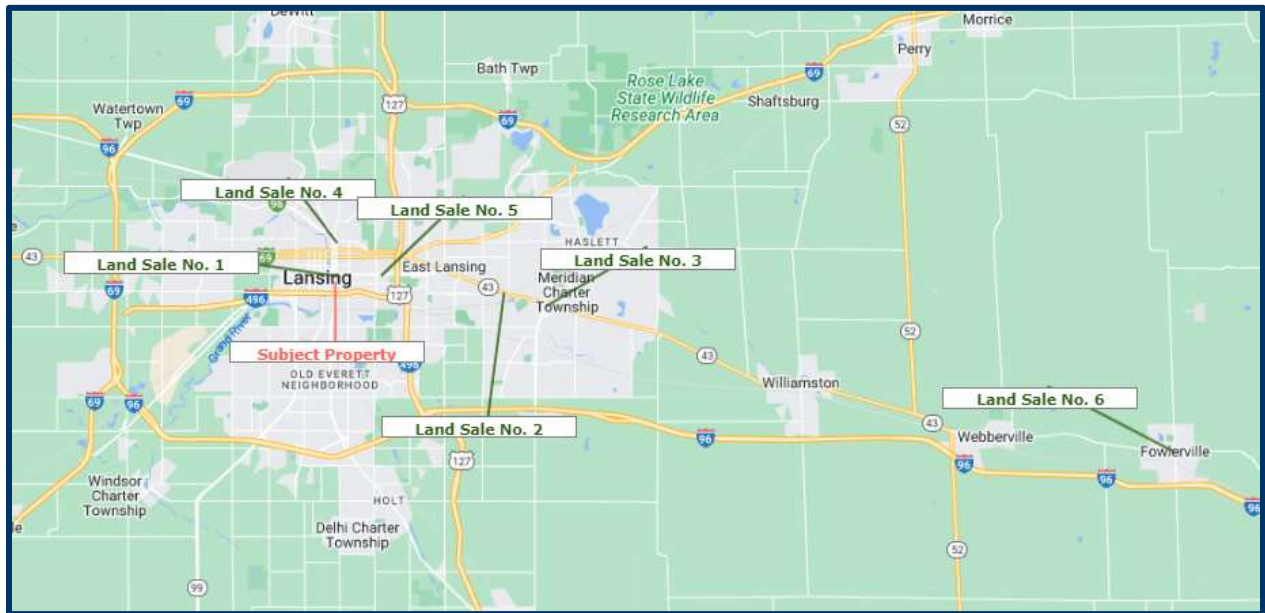
Comparable Sales Data

The market was studied to identify sales and listings of comparable properties with a focus on those that appeal to the most probable buyer of the subject site. These properties typically have similar locations and physical characteristics. Of these transactions, sufficient sales data was available for the following sale comparables, which were analyzed to estimate a unit value for the subject property. The following table summarizes the sale comparables utilized and a map illustrating the location of each in relation to the subject property follows. Details of each comparable follow the location map.

Land Sales Summary

Comp. No.	Date of Sale	Usable		Location	Zoning	Sales Price	
		Sq. Ft.	Sq. Ft.			Actual	Per Sq. Ft.
1	May-18	79,323		636 East Michigan Avenue	Lansing, Michigan	G-1	\$1,000,000 \$12.61
2	September-21	39,030		2703 E Grand River Ave	East Lansing, Michigan	C-2	\$740,000 \$18.96
3	December-22	104,937		4800 Okemos Road	Okemos, Michigan	C-3	\$1,775,000 \$16.91
4	November-20	27,770		526, 536 E Cesar Chavez Avenue	Lansing, Michigan	F-1	\$185,000 \$6.66
5	September-16	20,125		2216-2224 E Michigan Avenue	Lansing, Michigan	C	\$380,000 \$18.88
6	June-21	12,153		130 West Grand River Avenue	Fowlerville, Michigan	BC	\$160,000 \$13.17

COMPARABLE SALES MAP



LAND COMPARABLE 1



Property Identification

Property/Sale ID	10210090/534300
Property Type	Commercial
Address	636 East Michigan Avenue
City, State Zip	Lansing, Michigan 48912
County	Ingham
MSA	Lansing-East Lansing
Latitude/Longitude	42.732762/-84.543136
Tax ID	33-01-01-16-42-002

Transaction Data

Sale Date	05-07-2018	Property Rights	Fee Simple
Sale Status	Closed	Financing	Cash to Seller
Grantor	Michigan Ave Development Co LLC	Conditions of Sale	Arms Length
Grantee	600 E Michigan-Lansing LLC	Deed Book/Page	2018-017550
		Sale Price	\$1,000,000
		Adjusted Price	\$1,000,000

Property Description

Gross Acres	1.82	Topography	Level
Gross SF	79,323	Utilities	public water, sewer gas and electricity
Usable Acres	1.82	Drainage	Appears adequate
Usable SF	79,323	Flood Hazard Zone	Zone X (unshaded)
Front Feet	90.00	Earthquake Zone	The site is not located in an Earthquake Zone.
No. of Lots	1	Zoning Jurisdiction	City of Lansing
Proposed Use	Mixed-Use Development	Zoning Code	G-1
Street Access	Average	Zoning Description	Business District
Visibility	Average		
Corner/Interior	Interior		
Shape	Irregular		

Indicators

\$/Gross Acre	\$549,149	\$/Usable SF	\$12.61
\$/Gross SF	\$12.61	\$/FF	\$11,111.11
\$/Usable Acre	\$549,147	\$/Lot	\$1,000,000

Verification

Confirmed With	Assessment Records, Deed, Gillespie Group
Confirmed By	Jennifer Passmore
Confirmation Date	08-23-2018

Remarks

City of Lansing Planning Department confirmed zoning was recently changed to G-1, Business District

There are no sales recorded in the three-year period preceding the transfer or thereafter.

Site was a surface parking lot at the time of sale. The Gillespie Group is the true buyer of the site. One of their representatives confirmed the site is in the process of a zoning change and the proposed use is for commercial development.

LAND COMPARABLE 2



Property Identification

Property/Sale ID	10209401/1621052
Property Type	Commercial
Property Name	O'Reilly Auto Parts
Address	2703 E Grand River Ave
City, State Zip	East Lansing, Michigan 48823
County	Ingham
MSA	Lansing-East Lansing
Latitude/Longitude	42.725905/-84.450669
Tax ID	33-02-02-20-203-012

Transaction Data

Sale Date	09-03-2021	Financing	Cash to Seller
Sale Status	Closed	Conditions of Sale	Arms Length
Grantor	O'Reilly Auto Enterprises LLC	Deed Book/Page	2021-042237
Grantee	EROP LLC	Sale Price	\$740,000
Property Rights	Fee Simple	Sale Conditions Adj.	\$30,000
		Adjusted Price	\$770,000

Property Description

Gross Acres	0.90	Visibility	Good
Gross SF	39,030	Corner/Interior	Corner
Usable Acres	0.90	Shape	Irregular
Usable SF	39,030	Topography	Level
Front Feet	196.00	Earthquake Zone	The site is not located in an Earthquake Zone.
Depth	239.00	Zoning Jurisdiction	Meridian Charter Township
No. of Lots	1	Zoning Code	C-2
Street Access	Adequate	Zoning Description	Commercial
Rail Access	No		
Water/Port Access	No		

Indicators

\$/Gross Acre	\$859,375	\$/Usable SF	\$19.73
\$/Gross SF	\$19.73	\$/FF	\$3,928.57
\$/Usable Acre	\$859,365	\$/Lot	\$770,000

Verification

Confirmed With	Assessing records
Confirmed By	James T. Hartman
Confirmation Date	11-11-2022

Remarks

I have estimated the teardown costs to be \$30,000.

Sale includes a 2,783 square foot restaurant which the buyer plans to demolish.

LAND COMPARABLE 3



Property Identification

Property/Sale ID	11119986/1517664
Property Type	Commercial
Property Name	Retail Building
Address	4800 Okemos Road
City, State Zip	Okemos, Michigan 48864
County	Ingham
MSA	Lansing-East Lansing
Latitude/Longitude	42.720538/-84.426595
Tax ID	33-02-02-21-276-012

Transaction Data

Sale Date	12-14-2022	Financing	Cash to Seller
Sale Status	Closed	Conditions of Sale	Arms Length
Grantor	JOHN HOLDINGS LLC	Sale Price	\$1,775,000
Grantee	OKEMOS CONSOLIDATED DRAIN	Post Sale Expenses	\$100,000
Property Rights	Fee Simple	Adjusted Price	\$1,875,000

Property Description

Gross Acres	2.65	Shape	Slightly Irregular
Gross SF	115,434	Topography	Level
Usable Acres	2.41	Utilities	All customary utilities
Usable SF	104,937	Drainage	Appears adequate
Front Feet	318.09	Flood Hazard Zone	A and B
Depth	335.00	Earthquake Zone	Not located in Earthquake zone
No. of Lots	1	Use Designation	Commercial
Street Access	Good	Zoning Jurisdiction	Meridian Township
Rail Access	No	Zoning Code	C-3
Water/Port Access	No	Zoning Description	Commercial
Visibility	Average		
Corner/Interior	Interior		

Indicators

\$/Gross Acre	\$707,547	\$/Usable SF	\$17.87
\$/Gross SF	\$16.24	\$/FF	\$5,894.56
\$/Usable Acre	\$778,325	\$/Lot	\$1,875,000

Verification

Confirmed With	Sales contract, public record
Confirmed By	Blake Damerow
Confirmation Date	01-28-2021

Remarks

Property is currently improved with a 13,567 square foot furniture store that was constructed in 1976. The broker indicated that the buyer, intends to raze the existing building. Demolition costs have been estimated at \$7.00, which totals \$94,969, rounded to \$100,000.

Site is located on a parcel bordering Meijer parking lot. The site has restrictions from Meijer for Drug Stores, Discount (Dollar stores), Grocery Store, Coffee Shop, liquor Store, Bar or Tavern, Gas station, car wash, massage parlors and other noxious uses.

LAND COMPARABLE 4



Property Identification

Property/Sale ID	11209997/1573802
Property Type	Commercial
Address	526, 536 E Cesar Chavez Avenue
City, State Zip	Lansing, Michigan 48906
County	ingham
MSA	Lansing-East Lansing
Latitude/Longitude	42.747185/-84.544906
Tax ID	33-01-01-09-427-041 & 051

Transaction Data

Sale Date	11-06-2020	Financing	Cash to Seller
Sale Status	Closed	Conditions of Sale	Arms Length
Grantor	Bell David W & Jill L	Sale Price	\$185,000
Grantee	526 Chavez LLC	Adjusted Price	\$185,000
Property Rights	Fee Simple		

Property Description

Gross Acres	0.64	Shape	Rectangular
Gross SF	27,770	Topography	Level
Usable Acres	0.64	Utilities	All Available
Usable SF	27,770	Drainage	Assumed adequate
No. of Lots	1	Flood Hazard Zone	None
Street Access	Good	Earthquake Zone	None
Rail Access	No	Zoning Jurisdiction	City of Lansing
Water/Port Access	No	Zoning Code	F-1
Visibility	Average	Zoning Description	Commercial
Corner/Interior	Interior		

Indicators

\$/Gross Acre	\$290,192	\$/Usable SF	\$6.66
\$/Gross SF	\$6.66	\$/Lot	\$185,000
\$/Usable Acre	\$290,192		

Verification

Confirmed With	Assessing records & Jill Bell
Confirmed By	Cameron Clark
Confirmation Date	01-25-2022

Remarks

At the time of sale, The building was in poor condition. The highest and best use is for future development. One building vacant and boarded up. To raise the building would be paid for from rent and salvage of the buildings. the land area is 27,770 square feet and the sale price per square foot is \$6.66.

Sale is confirmed by Terry Oetzel

LAND COMPARABLE 5



Property Identification

Property/Sale ID	10936301/1407087
Property Type	Mixed Use Land
Address	2216-2224 E Michigan Avenue
City, State Zip	Lansing, Michigan 48912
County	Ingham
MSA	Lansing-East Lansing
Latitude/Longitude	42.733332/-84.519393
Tax ID	33-01-01-14-304-391, 33-01-01-14-304-401

Transaction Data

Sale Date	09-23-2016	Financing	Cash to Seller
Sale Status	Closed	Conditions of Sale	Arms Length
Grantor	AB Group	Sale Price	\$380,000
Grantee	2200 Block INC	Adjusted Price	\$380,000
Property Rights	Fee Simple		

Property Description

Gross Acres	0.46	Shape	Rectangular
Gross SF	20,125	Topography	Level
Usable Acres	0.46	Utilities	Public water and sewer, natural gas, and electricity.
Usable SF	20,125	Zoning Jurisdiction	City of Lansing
Front Feet	160.00	Zoning Code	C
Visibility	Average		
Corner/Interior	Corner		

Indicators

\$/Gross Acre	\$822,511	\$/Usable SF	\$18.88
\$/Gross SF	\$18.88	\$/FF	\$2,375.00
\$/Usable Acre	\$822,499		

Verification

Confirmed With Assessing records
Confirmed By Cameron Clark
Confirmation Date 06-07-2019

Remarks

Tear-down for new mixed use development

LAND COMPARABLE 6



Property Identification

Property/Sale ID	11186525/1558659
Property Type	Commercial
Address	130 West Grand River Avenue
City, State Zip	Fowlerville, Michigan 48836
County	Livingston
MSA	Ann Arbor
Latitude/Longitude	42.660832/-84.074070
Tax ID	4705-10-201-067

Transaction Data

Sale Date	06-28-2021	Financing	Cash to Seller
Sale Status	Closed	Conditions of Sale	Arms Length
Grantor	FXS PROPERTIES LLC	Deed Book/Page	2021-028053
Grantee	COOKE CAPITAL LLC	Sale Price	\$160,000
Property Rights	Fee Simple	Adjusted Price	\$160,000

Property Description

Gross Acres	0.28	Visibility	Average
Gross SF	12,153	Corner/Interior	Corner
Usable Acres	0.28	Shape	Rectangular
Usable SF	12,153	Topography	Level
Front Feet	118.00	Utilities	All customary utilities
Depth	103.00	Drainage	Appears adequate
No. of Lots	1	Flood Hazard Zone	Zone X
Proposed Use	Mixed use	Use Designation	Mixed Use
Street Access	Average	Zoning Jurisdiction	Village of Fowlerville
Rail Access	No	Zoning Code	BC
Water/Port Access	No	Zoning Description	Business Center

Indicators

\$/Gross Acre	\$573,477	\$/Usable SF	\$13.17
\$/Gross SF	\$13.17	\$/FF	\$1,355.93
\$/Usable Acre	\$573,477	\$/Lot	\$160,000

Verification

Confirmed With	public record, closing statement
Confirmed By	Blake Damerow

Remarks

The owner will be construction a two-story mixed-use building containing retail and residential space.

Land Sales Comparison Analysis

When necessary, adjustments were made for differences in various elements of comparison, including property rights conveyed, financing terms, conditions of sale, expenditures made immediately after purchase, market conditions, location, and other physical characteristics. If the element in comparison is considered superior to that of the subject, a negative adjustment was applied. Conversely, a positive adjustment was applied if inferior. A summary of the elements of comparison follows.

Transaction Adjustments

Transaction adjustments include: (1) real property rights conveyed, (2) financing terms, (3) conditions of sale, and (4) expenditures made immediately after purchase. These items, which are applied prior to the market conditions and property adjustments, are discussed as follows:

Real Property Rights Conveyed

Real property rights conveyed influence sales prices and must be considered when analyzing a sale comparable. The property rights appraised reflect the fee simple interest. All of the sale comparables conveyed the same interest; therefore, no adjustments were required.

Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. Sales involving financing terms that are not at or near market terms require adjustments for cash equivalency to reflect typical market terms. A cash equivalency procedure discounts the atypical mortgage terms to provide an indication of value at cash equivalent terms. All of the sale comparables involved typical market terms by which the sellers received cash or its equivalent and the buyers paid cash or tendered typical down payments and obtained conventional financing at market terms for the balance. Therefore, no adjustments for this category were required.

Conditions of Sale

When the conditions of sale are atypical, the result may be a price that is higher or lower than that of a normal transaction. Adjustments for conditions of sale usually reflect the motivations of either a buyer or a seller who is under duress to complete the transaction. Another more typical condition of sale involves the downward adjustment required to a comparable property's for-sale listing price, which usually reflects the upper limit of value. Comparable 2 required and upward adjustment of 4.1%

Expenditures Made Immediately After Purchase

A knowledgeable buyer considers expenditures required upon purchase of a property, as these costs affect the price the buyer agrees to pay. Such expenditures may include: costs to demolish and remove any portion of the improvements, costs to petition for a zoning change, and/or costs to remediate environmental contamination. The details of each adjustment are in the remarks of the respective sales profile.

Market Conditions Adjustment

Market conditions change over time because of inflation, deflation, fluctuations in supply and demand, or other factors. Changing market conditions may create a need for adjustment to comparable sale transactions completed during periods of dissimilar market conditions.

Discussions with market participants and a review of market data indicated overall market conditions for vacant land properties have been improving with recent transactions confirming this trend. An annual adjustment factor of 2.00% was applied to each comparable to account for changes in market conditions.

Property Adjustments

Property adjustments are usually expressed quantitatively as percentages or dollar amounts that reflect the differences in value attributable to the various characteristics of the property. In some instances, however, qualitative adjustments are used. These adjustments are based on locational and physical characteristics and are applied after transaction and market conditions adjustments. The reasoning for the property adjustments made to each sale comparable follows. The discussion analyzes each adjustment category deemed applicable to the subject property.

Location

Location adjustments may be required when the locational characteristics of a comparable are different from those of the subject. These characteristics can include general neighborhood characteristics, proximity to major thoroughfares, proximity to employment centers and amenities, neighboring properties, and accessibility. The subject site is located the north side of Kalamazoo Street, between Larch and Cedar Streets with good access and good visibility. Comparables were adjusted upward for being in inferior locations. Comparables were adjusted downward for being in more desirable locations.

Size

The size adjustment addresses variance in the physical size of the comparables and that of the subject, as a larger parcel typically commands a lower price per unit than a smaller parcel. This inverse relationship is due, in part, to the principle of "economies of scale." Larger comparables are adjusted upward and smaller comparables are adjusted downward.

Corner Exposure

Tracts with major corner exposure typically command higher prices in the marketplace, as opposed to mid-block or interior locations. For retail users, the hard corner of an intersection may be marketed to a fairly large pool of small users (e.g. service stations, fast food restaurants, etc.) for sale. Interior parcels were adjusted upward 10%

Zoning

The highest and best use of sale comparables should be very similar to that of the subject property. When comparables with the same zoning as the subject are lacking or scarce, parcels with slightly different zoning, but a highest and use similar to that of the subject may be used as comparables. These comparables may require an adjustment for differences in utility if the market supports such adjustment. No adjustments were required.

Summary of Adjustments

A summary of the adjustments made to the sale comparables is presented in the following table:

LAND SALES ADJUSTMENT GRID

Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4	Sale # 5	Sale # 6	
Sale ID	534300	1621052	1517664	1573802	1407087	1558659	
Date of Value & Sale	February-23	May-18	September-21	December-22	November-20	September-16	June-21
Unadjusted Sales Price	\$1,000,000	\$740,000	\$1,775,000	\$185,000	\$380,000	\$160,000	
Usable Square Feet	96,921	79,323	39,030	104,937	27,770	20,125	12,153
Unadjusted Sales Price per Usable Sq. Ft.	\$12.61	\$18.96	\$16.91	\$6.66	\$18.88	\$13.17	
Transactional Adjustments							
Property Rights Conveyed	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	
Adjusted Sales Price	\$12.61	\$18.96	\$16.91	\$6.66	\$18.88	\$13.17	
Financing Terms	<i>Cash to Seller</i>	<i>Cash to Seller</i>	<i>Cash to Seller</i>	<i>Cash to Seller</i>	<i>Cash to Seller</i>	<i>Cash to Seller</i>	
Adjusted Sales Price	\$12.61	\$18.96	\$16.91	\$6.66	\$18.88	\$13.17	
Conditions of Sale	<i>Typical</i>	<i>Arms Length</i>	<i>Arms Length</i>	<i>Arms Length</i>	<i>Arms Length</i>	<i>Arms Length</i>	
Adjustment	-	4.1%	-	-	-	-	
Adjusted Sales Price	\$12.61	\$19.73	\$16.91	\$6.66	\$18.88	\$13.17	
Expenditures after Sale			\$100,000				
Adjustment	-	-	5.6%	-	-	-	
Adjusted Sales Price	\$12.61	\$19.73	\$17.87	\$6.66	\$18.88	\$13.17	
Market Conditions Adjustments							
Elapsed Time from Date of Value	<i>4.82 years</i>	<i>1.49 years</i>	<i>0.21 years</i>	<i>2.31 years</i>	<i>6.44 years</i>	<i>1.67 years</i>	
Market Trend Through	February-23	9.6%	3.0%	0.4%	4.6%	12.9%	3.3%
Analyzed Sales Price	\$13.82	\$20.32	\$17.94	\$6.97	\$21.31	\$13.61	
Physical Adjustments							
Location	<i>E Kalamazoo Street</i>	<i>636 East Michigan Avenue</i>	<i>2703 E Grand River Ave</i>	<i>4800 Okemos Road</i>	<i>526, 536 E Cesar Chavez Avenue</i>	<i>2216-2224 E Michigan Avenue</i>	<i>130 West Grand River Avenue</i>
	<i>Lansing, Michigan</i>	<i>Lansing, Michigan</i>	<i>East Lansing, Michigan</i>	<i>Okemos, Michigan</i>	<i>Lansing, Michigan</i>	<i>Lansing, Michigan</i>	<i>Fowlerville, Michigan</i>
Adjustment	-	-10.0%	-20.0%	-15.0%	-	-10.0%	5.0%
Size	<i>96,921 sf</i>	<i>79,323 sf</i>	<i>39,030 sf</i>	<i>104,937 sf</i>	<i>27,770 sf</i>	<i>20,125 sf</i>	<i>12,153 sf</i>
Adjustment	-	-	-10.0%	-	-10.0%	-10.0%	-10.0%
Corner Exposure	<i>Double Corner</i>	<i>Interior</i>	<i>Corner</i>	<i>Interior</i>	<i>Interior</i>	<i>Corner</i>	<i>Corner</i>
Adjustment	-	10.0%	-	10.0%	10.0%	-	-
Zoning	<i>DT-2</i>	<i>G-1</i>	<i>C-2</i>	<i>C-3</i>	<i>F-1</i>	<i>C</i>	<i>BC</i>
Adjustment	-	-	-	-	-	-	-
Net Physical Adjustment	-	-	-30.0%	-5.0%	-	-20.0%	-5.0%
Adjusted Sales Price per Usable Square Foot	\$13.82	\$14.22	\$17.05	\$6.97	\$17.05	\$12.93	

Conclusion

The land comparables were adjusted based on pertinent elements of comparison with the unadjusted and adjusted unit sales prices presented in the following table:

Land Sale Statistics

Metric	Unadjusted	Analyzed	Adjusted
Min. Sales Price per Usable Square Foot	\$6.66	\$6.97	\$6.97
Max. Sales Price per Usable Square Foot	\$18.96	\$21.31	\$17.05
Median Sales Price per Usable Square Foot	\$15.04	\$15.88	\$14.02
Mean Sales Price per Usable Square Foot	\$14.53	\$15.66	\$13.67

Comparable 4 was considered an outlier and given less weight. Based on the adjusted prices, a unit value near the upper middle of the adjusted range, or \$15.00 per usable square foot, was estimated for the subject site. Applying this to the subject land area resulted in a market value of \$1,450,000. (Rounded)

Based on this analysis, the land value indication is summarized as follows:

Land Value Conclusion			
Reasonable Adjusted Comparable Range			
96,921 square feet	x	\$14.00 psf	= \$1,356,894
96,921 square feet	x	\$16.00 psf	= \$1,550,736
Market Value Opinion			(Rounded)
96,921 square feet	x	\$15.00 psf	= \$1,450,000

Reconciliation

Summary of Value Indications

The indicated values from the approaches used and my concluded market values for the subject property are summarized in the following table.

Value Indications	
Approach to Value	As Is
Sales Comparison - Land Only	\$1,450,000
Cost	Not Developed
Income Capitalization	Not Developed
Value Conclusion	
Component	As Is
Value Type	Market Value
Real Property Interest	Fee Simple
Effective Date of Value	February 28, 2023
Value Conclusion	\$1,450,000
	\$14.96 psf

To reach a final opinion of value, the reliability and relevance of each value indication was considered based upon the quality of the data and applicability of the assumptions underlying each approach. Given the availability and reliability of data within the Sales Comparison Approach, this approach was given primary weight in reconciling to the final value conclusions. Furthermore, retail properties such as the subject property are typically purchased by investors, who primarily rely upon the methods employed by the Sales Comparison Approach.

Exposure Time and Marketing Period

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of 6 to 12 months and 6 to 12 months, respectively, are considered reasonable and appropriate for the subject property.

General Assumptions and Limiting Conditions

This appraisal is subject to the following general assumptions and limiting conditions:

1. The legal description – if furnished to us – is assumed to be correct.
2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Southern Michigan will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.
5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | Southern Michigan is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.
9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions. Appraiser is not responsible for determining whether the date of value requested by Client is appropriate for Client's intended use.
10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.
11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | Southern Michigan and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors |Southern Michigan.
17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.
23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire more precise measurement, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer) as an alternative source. If this alternative measurement source reflects or reveals substantial differences with the measurements used within the report, upon request of the client, the appraiser will submit a revised report for an additional fee.
26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, upon request of the client, the appraiser will submit a revised report for an additional fee.
27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, and a review of the final plans and specifications reveals substantial differences upon request of the client the appraiser will submit a revised report for an additional fee.

28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
29. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.
30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.
34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

35. You and Valbridge Property Advisors | Southern Michigan both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Southern Michigan and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge Property Advisors | Southern Michigan or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | Southern Michigan for this assignment, and under no circumstances shall any claim for consequential damages be made.
36. Valbridge Property Advisors | Southern Michigan shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Southern Michigan. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | Southern Michigan and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | Southern Michigan harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | Southern Michigan in such action, regardless of its outcome.
37. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Southern Michigan. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.
38. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
39. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
40. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.
41. The global outbreak of a "novel coronavirus" (known as COVID-19) was officially declared a pandemic by the World Health Organization (WHO). It is currently unknown what direct, or indirect, effect, if any, this event may have on the national economy, the local economy or the market in which the subject property is located. The reader is cautioned, and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.

Certification

In Michigan, appraisers are required to be licensed/certified and are regulated by the Michigan Department of Licensing and Regulatory Affairs, P.O. Box 30018, Lansing, Michigan 48909. James T. Hartman, MAI, SGA, AI-GRS is currently licensed as a Certified General Real Estate Appraiser with the State of Michigan, Number 1205005950. Mr. Hartman is also licensed in the State of Indiana, the State of Ohio, and the State of Illinois.

James T. Hartman, MAI, SGA, AI-GRS is a member of the Society of Golf Appraisers (SGA). The Society of Golf Appraisers is an organization of real estate appraisers and consultants specializing in the valuation, market analysis, and feasibility analysis of golf courses and golf related properties.

The undersigned does hereby certify that to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment is not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- As of the date of this report, James T. Hartman, MAI, SGA, AI-GRS has completed the continuing education program for Designated Members of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- A thorough research project whose objective has been the discovery, confirmation, inspection, and analysis of data pertinent to this valuation situation has been completed.

Blake R. Damerow, limited real estate appraiser with the State of Michigan, License Number 1201076491, provided significant real property appraisal assistance to the person signing this certification. Mr. Damerow assisted in the subject property inspection and description, neighborhood analysis and description, research and verification of comparable sales, approaches to value, and final reconciliation.

- The reported analyses, opinion, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice.
- The appraiser signing this report is competent to complete the assignment. The appraiser has the knowledge and experience to complete the assignment competently or has disclosed the lack of knowledge and/or experience to the client, taken all steps necessary or appropriate to complete the assignment competently and has described in the report the lack of knowledge and/or experience and the steps taken to complete the assignment competently.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with Title XI of the Federal Financial Institutions Reform Recovery, and Enforcement Act of 1989 (FIRREA) and its regulations, as well as the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the Appraisal Institute. This report is intended to comply with the above requirements. The definition of market value is intended to follow the market value definition as per F.D.I.C.'s final rule of FIRREA - 12 C.F.R., § 323.2.

This appraisal is not to be used by the addressee or any recipient as a part of a presentation of a real estate syndicate.

A real estate syndicate means a general or limited partnership, joint venture, unincorporated association or similar organization formed for the purpose of, and engaged in, investment for gain from an interest in real property, including but not limited to, a sale, exchange, trade or development of real property, on behalf of others, or, which is required to be registered with the United States Securities and Exchange Commission or any state regulatory agency, which regulates investments made as a public offering.



James T. Hartman, MAI, SGA, AI-GRS
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JTH:BRD/mns
File #MI01-23-0040

Addenda

Glossary

Subject Photographs

Assessment Records

Excerpts from Zoning Ordinance

Letter of Engagement

Qualifications of Appraisers

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Glossary

Definitions are taken from the Dictionary of Real Estate Appraisal, 5th Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP) and Building Owners and Managers Association International (BOMA).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

Additional Rent

Any amounts due under a lease that is in addition to base rent. Most common form is operating expense increases. (Dictionary)

Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Dictionary)

Base (Shell) Building

The existing shell condition of a building prior to the installation of tenant improvements. This condition varies from building to building, landlord to landlord, and generally involves the level of finish above the ceiling grid. (Dictionary)

Base Rent

The minimum rent stipulated in a lease. (Dictionary)

Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

Building Common Area

The areas of the building that provide services to building tenants but which are not included in the rentable area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common areas are; floor common areas, parking spaces, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

Certificate of Occupancy (COO)

A statement issued by a local government verifying that a newly constructed building is in compliance with all codes and may be occupied.

Common Area (Public) Factor

In a lease, the common area (public) factor is the multiplier to a tenant's useable space that accounts for the tenant's proportionate share of the common area (restrooms, elevator lobby, mechanical rooms, etc.). The public factor is usually expressed as a percentage and ranges from a low of 5 percent for a full tenant to as high as 15 percent or more for a multi-tenant floor. Subtracting one (1) from the quotient of the rentable area divided by the useable area yields the load (public) factor. At times confused with the "loss factor" which is the total rentable area of the full floor less the useable area divided by the rentable area. (BOMA)

Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.

CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings. CAM can refer to all operating expenses.

CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have what is called an administrative load. An example would be a 15 percent addition to total operating expenses, which are then prorated among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee. (Dictionary)

Condominium

A form of ownership in which each owner possesses the exclusive right to use and occupy an allotted unit plus an undivided interest in common areas.

A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

Conservation Easement

An interest in real property restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A conservation easement may permit farming, timber harvesting, or other uses of a rural nature to continue, subject to the easement. In some locations, a conservation easement may be referred to as a conservation restriction. (Dictionary)

Contributory Value

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprivation value in some countries. (Dictionary)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service (DCR = NOI/Im), which measures the relative ability to a property to meet its debt service out of net operating income. Also called Debt Service Coverage Ratio (DSCR). A larger DCR indicates a greater ability for a property to withstand a downturn in revenue, providing an improved safety margin for a lender. (Dictionary)

Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

Depreciation

- 1) In appraising, the loss in a property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2) In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method. (Dictionary)

Disposition Value

The most probable price that a specified interest in real property is likely to bring under the following conditions:

- Consummation of a sale within a exposure time specified by the client;
- The property is subjected to market conditions prevailing as of the date of valuation;

- Both the buyer and seller are acting prudently and knowledgeably;
- The seller is under compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- An adequate marketing effort will be made during the exposure time specified by the client;
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Easement

The right to use another's land for a stated purpose. (Dictionary)

EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

Effective Date

The date at which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. 2) In a lease document, the date upon which the lease goes into effect. (Dictionary)

Effective Gross Income (EGI)

The anticipated income from all operations of the real property after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

Effective Rent

The rental rate net of financial concessions such as periods of no rent during the lease term and above- or below-market tenant improvements (TIs). (Dictionary)

EPDM

Ethylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called an expense recovery clause or stop clause. (Dictionary)

Estoppel Certificate

A statement of material factors or conditions of which another person can rely because it cannot be denied at a later date. In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an estoppel letter. (Dictionary)

Excess Land

Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued separately. (Dictionary)

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. (Dictionary)

Exposure Time

1) The time a property remains on the market. 2) The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. (Dictionary)

Extraordinary Assumption

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary)

Floor Common Area

Areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called a full-service lease. (Dictionary)

Going Concern Value

- The market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the market value of the going concern.
- The value of an operating business enterprise. Goodwill may be separately measured but is an integral

component of going-concern value when it exists and is recognizable. (Dictionary)

Gross Building Area

The total constructed area of a building. It is generally not used for leasing purposes (BOMA)

Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of the same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

Gross Up Method

A method of calculating variable operating expense in income-producing properties when less than 100 percent occupancy is assumed. The gross up method approximates the actual expense of providing services to the rentable area of a building given a specified rate of occupancy. (Dictionary)

Gross Retail Sellout

The sum of the appraised values of the individual units in a subdivision, as if all of the units were completed and available for retail sale, as of the date of the appraisal. The sum of the retail sales includes an allowance for lot premiums, if applicable, but excludes all allowances for carrying costs. (Dictionary)

Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

HVAC

Heating, ventilation, air conditioning. A general term encompassing any system designed to heat and cool a building in its entirety.

Highest and Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are 1) legal permissibility, 2) physical possibility, 3) financial feasibility, and 4) maximally profitability. Alternatively, the probable use of land or improved –specific

with respect to the user and timing of the use—that is adequately supported and results in the highest present value. (Dictionary)

Hypothetical Condition

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary)

Industrial Gross Lease

A lease of industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay certain operating expenses, often structural maintenance, insurance and real estate taxes as specified in the lease. There are significant regional and local differences in the use of this term. (Dictionary)

Insurable Value

A type of value for insurance purposes. (Dictionary)
(Typically this includes replacement cost less basement excavation, foundation, underground piping and architect's fees).

Investment Value

The value of a property interest to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)

Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position as he or she would be if the property had not been taken. (Dictionary)

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). (Dictionary)

Leasehold Interest

The tenant's possessory interest created by a lease. (Dictionary)

Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

- Consummation of a sale within a short period.
- The property is subjected to market conditions prevailing as of the date of valuation.
- Both the buyer and seller are acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider to be their best interests.
- A normal marketing effort is not possible due to the brief exposure time.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Loan to Value Ratio (LTV)

The amount of money borrowed in relation to the total market value of a property. Expressed as a percentage of the loan amount divided by the property value. (Dictionary)

Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement including permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options and tenant improvements (TIs). (Dictionary)

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the

consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and acting in what they consider their own best interests;
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- e. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Market Value As If Complete

Market value as if complete means the market value of the property with all proposed construction, conversion or rehabilitation hypothetically completed or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value shall reflect the market value of the property as if complete and prepared for occupancy by tenants.

Market Value As If Stabilized

Market value as if stabilized means the market value of the property at a current point and time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy.

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Standards Board of the Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time). (Dictionary)

Master Lease

A lease in which the fee owner leases a part or the entire property to a single entity (the master lease) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. (Dictionary)

Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses

varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net lease, net net lease, partial net lease, or semi-gross lease. (Dictionary)

Operating Expense Ratio

The ratio of total operating expenses to effective gross income (TOE/EGI); the complement of the net income ratio, i.e., OER = 1 – NIR (Dictionary)

Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the optionee) to buy, sell, or lease real property for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

Partial Interest

Divided or undivided rights in real estate that represent less than the whole (a fractional interest). (Dictionary)

Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real estate taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

Potential Gross Income (PGI)

The total income attributable to real property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

Prospective Future Value Upon Completion

Market value "upon completion" is a prospective future value estimate of a property at a point in time when all of its improvements are fully completed. It assumes all proposed construction, conversion, or rehabilitation is hypothetically complete as of a future date when such effort is projected to occur. The projected completion date and the value estimate must reflect the market value of the property in its projected condition, i.e., completely vacant or partially occupied. The cash flow must reflect lease-up costs, required tenant improvements and leasing commissions on all areas not leased and occupied.

Prospective Future Value Upon Stabilization

Market value "upon stabilization" is a prospective future value estimate of a property at a point in time when stabilized occupancy has been achieved. The projected stabilization date and the value estimate must reflect the absorption period required to achieve stabilization. In addition, the cash flows must reflect lease-up costs, required tenant improvements and leasing commissions on all unleased areas.

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. (Dictionary)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all of the deficiencies, superadequacies, and obsolescence of the subject building. (Dictionary)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (Dictionary)

Sandwich Leasehold Estate

The interest held by the original lessee when the property is subleased to another party; a type of leasehold estate. (Dictionary)

Sublease

An agreement in which the lessee (i.e., the tenant) leases part or all of the property to another party and thereby becomes a lessor. (Dictionary)

Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make his or her claim junior, or subordinate, to the claims of another party. (Dictionary)

Substantial Completion

Generally used in reference to the construction of tenant improvements (TIs). The tenant's premises are typically deemed to be substantially completed when all of the TIs for the premises have been completed in accordance with the plans and specifications previously approved by the tenant. Sometimes used to define the commencement date of a lease.

Surplus Land

Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

Triple Net (Net Net Net) Lease

A lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called NNN, triple net lease, or fully net lease. (Dictionary)

(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

Usable Area

The measured area of an office area, store area or building common area on a floor. The total of all the usable areas or a floor shall equal floor usable area of that same floor. The amount of floor usable area can vary over the life of a building as corridors expand and contract and as floors are remodeled. (BOMA)

Value-in-Use

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)

Photographs of Subject Property










Assessment Records

S CEDAR ST LANSING, MI 48912 (Property Address)
Parcel Number: 33-01-01-16-427-082



Property Owner: CITY OF LANSING

Summary Information

- > Assessed Value: \$0 | Taxable Value: \$0
- > 2 Building Department records found
- > Property Tax information found
- > 13 Invoices Found, Amount Due: 0.00

Item 1 of 2 2 Images / 0 Sketches

Owner and Taxpayer Information

Owner	CITY OF LANSING PLANNING & DEVELOPMENT 316 N CAPITOL AVE STE D1 LANSING, MI 48933-1200	Taxpayer	SEE OWNER INFORMATION
--------------	---	-----------------	-----------------------

General Information for Tax Year 2022

Property Class	202 COMMERCIAL-VACANT	Unit	33 CITY OF LANSING - INGHAM
School District	LANSING PUBLIC SCHOOL DIST	Assessed Value	\$0
MAP #	B -0241 -0032	Taxable Value	\$0
TOP TEN	Not Available	State Equalized Value	\$0
NEW PERMITS	Not Available	Date of Last Name Change	09/05/2018
USER ALPHA 3	Not Available	Notes	Not Available
Historical District	Not Available	Census Block Group	Not Available
TYPE CODE	Not Available	Exemption	No Data to Display

Principal Residence Exemption Information

Homestead Date 12/30/1997

Principal Residence Exemption	June 1st	Final
2022	0.0000 %	0.0000 %

Previous Year Information

Year	MBOR Assessed	Final SEV	Final Taxable
2021	\$0	\$0	\$0
2020	\$0	\$0	\$0
2019	\$0	\$0	\$0

Land Information

Zoning Code	H LT IN	Total Acres	1.008
Land Value	\$0	Land Improvements	\$0
Renaissance Zone	No	Renaissance Zone Expiration Date	No Data to Display
ECF Neighborhood	W215 - EAST - WAREHOUSES	Mortgage Code	No Data to Display
Lot Dimensions/Comments	309.82X133.3, 25.5X66.6, MORE	Neighborhood Enterprise Zone	No

Lot(s)	Frontage	Depth
No lots found.		
Total Frontage: 0.00 ft		Average Depth: 0.00 ft

Legal Description

LOT 8 JOHN'S SUB, ALSO S 41.25 FT OF W 1/2 LOT 4, W 1/2 LOTS 5 & 6, AND S 57.75 FT OF N 132 FT OF E 1/2 LOT 5 EXC E 114.5 FT BLOCK 241 ORIG PLAT

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Sale Date	Sale Price	Instrument	Grantor	Grantee	Terms of Sale	Liber/Page
12/15/2010	\$350,000.00	WD	REUTTER JIM & FORREST/BEWERSDORFF R	CITY OF LANSING PLANNING & DEVELOP	21-NOT USED/OTHER	L3406-P532
08/31/2007	\$0.00	WD	CONKLIN FLOYD H & LINDA S	REUTTER JAMES L & FORREST A & ET AL	03-ARM'S LENGTH	L3280-P690
02/19/1992	\$0.00	QC	BEWERSDORR RONALD-TRUSTEE OF TRUST	BEWERSDORFF RONALD S & CYNTHIA J	33-TO BE DETERMINED	L3406-P531
01/02/1987	\$153,000.00	PTA	BDJ COMPANY	REUTTER JAMES L ET AL	33-TO BE DETERMINED	

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Excerpts from Zoning Ordinance

1243.10. - DT-2 Urban Flex.

Figure 36



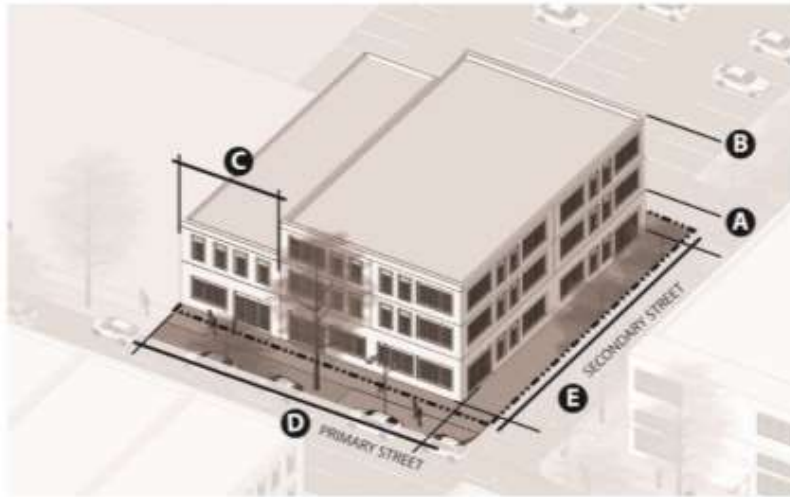
1243.10.01. - DT-2 intent.

The intent and purpose of the DT-2 Urban Flex District is to foster a mixture of residential, commercial, and industrial uses that complement the nearby Downtown Core and Mixed-Use Corridors. The urban flex districts generally are areas transitioning from older industrial and auto-oriented uses with pockets of residential to higher density modern infill and adaptive reuse. These areas are characterized by an eclectic mixture of entertainment, retail, residential, and lower intensity industrial uses in a warehouse setting. Along activity corridors, ground floor uses should be those that generate pedestrian activity along the street front through the location of doors, windows, and displays.

(Ord. No. 1295, § 1, 11-29-21)

1243.10.02. - DT-2 site layout requirements.

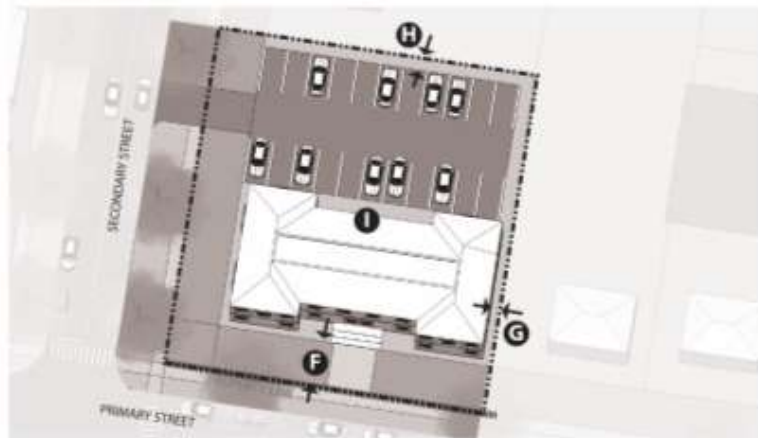
Figure 37



(a) BUILDING MASSING		
A. Minimum height	25'	1 story
B. Maximum height: Arterial corridor Activity corridor	80'	6 stories
Prime connector	55'	4 stories
Local street	40'	4 stories
<i>See Section 1250.03.02 for height exceptions</i>		
C. Required upper floor step-backs—When adjacent to R-1 through R-6 districts	For the elevation adjacent to a residential district, the floors above the second story shall be tiered back so that the highest point of the building is setback from the adjacent residential district a distance at least equal to the height of the building.	

<p>Required corner massing</p>	<p>When site is a corner lot, the primary and secondary frontages at the corner must be occupied by building elevations for the first 20 feet of each frontage from the corner.</p>
--------------------------------	---

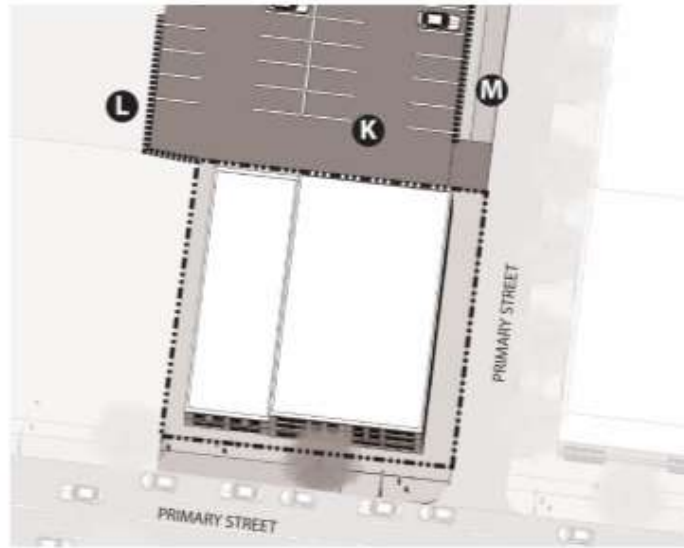
Figure 38



(b) BUILDING PLACEMENT

<p>D. Build-to-line</p>	<p>Five feet as measured from the property line or rear edge of the front parking lot.</p> <p>The Zoning Administrator may approve:</p> <ol style="list-style-type: none"> 1. A setback of ten feet from the property line, provided that the additional space is dedicated to outdoor seating and/or public art. 2. A setback of zero feet from the inside edge of the sidewalk, provided that the existing or proposed sidewalk is at least ten feet in width. 3. A setback equal to the average setback of the buildings to be retained within the block face of the more active street type. The applicant shall provide a map with those measurements.
<p>E. Minimum side setback</p>	<p>0' when adjacent to another DT-2 parcel, otherwise 10'</p>
<p>F. Minimum rear setback</p>	<p>10' building</p>
<p>G. Maximum lot coverage</p>	<p>75%</p>
<p>Minimum setback from adjacent residential districts</p>	<p>10'</p>
<p><i>See Section 1250.04.01 for placement of accessory buildings</i></p>	

Figure 39



(c) PARKING	
H. Allowed surface parking locations	On-street parking On-site: Side or rear yard. Front yard parking limited to one single-loaded bay
I. Front parking lot setback/screening J. Side and rear parking lot setback/screening	Property and parking lot setback/screening per <u>Chapter 1252</u>
Required parking spaces	50% of parking required per <u>Chapter 1254</u> ; <u>Section 1254.01.04</u> for parking reductions

(Ord. No. 1295, § 1, 11-29-21)

Letter of Engagement

From: Frayer, Shelbi
Sent: Thursday, February 9, 2023 5:21 PM
To: James T. Hartman
Subject: Re: Appraisal Estimates

Thanks for the quick reply! Please get started, let me know if you need anything.

Get [Outlook for iOS](#)

From: James T. Hartman <jhartman@valbridge.com>
Sent: Thursday, February 9, 2023 4:47:03 PM
To: Frayer, Shelbi <Shelbi.Frayer@lansingmi.gov>
Subject: RE: [EXTERNAL] Appraisal Estimates

The fee and timing to appraise each of these three properties is:

- 23-0040 • Parking Lot 49/49a \$3,000 and 25 days (old file # 18-0121e)
- 23-0041 • City Hall \$4,000 and 25 days (old file # 21-0321)
- 23-0042 • Lot 1 (behind baryames) Grand Ave/Lenawee \$3,000 and 25 days. (old file # 17-0084)

Thanks
Jim



James T. Hartman, MAI, SGA, AI-GRS
Senior Managing Director,
Valbridge Property Advisors | Southern Michigan

2127 University Park Dr., Ste. 390
Okemos, MI 48864
Office: 517-336-0001 ext 308

Detroit office: 1420 Washington Blvd. Detroit, Michigan 48226 Office 313-986-3313	Grand Rapids office: 109 E. Main Street Zeeland, Michigan 49464 Office: 616-550-9882
--	---



National Coverage. Local Knowledge. Valuation Independence
Sent from [Mail](#) for Windows 10

From: [Frayer, Shelbi](#)
Sent: Thursday, February 9, 2023 2:32 PM
To: [James T. Hartman](#)
Subject: Appraisal Estimates

Hi James,

I have several appraisals that need "refreshing." I have attached copies of the old ones for your reference.

Could you give me a cost estimate for you to reappraise the following properties?

- Parking Lot 49/49a
- 520 S Washington - 22-0172
- City Hall
- Lot 1 (behind baryames) Grand Ave/Lenawee

Also, do you have a time estimate to complete these? Thanks for your help!

Shelbi Frayer
Deputy Mayor/Chief Strategy Officer
City of Lansing – Office of Mayor Andy Schor
124 W. Michigan Ave. | Lansing, MI 48933
C: 517-881-3410 | E: Shelbi.Frayer@lansingmi.gov
For scheduling assistance: Dana.Smith@lansingmi.gov
[Website](#) | [Facebook](#) | [Twitter](#) | [Instagram](#)



Qualifications of Appraisers

James T. Hartman, MAI, SGA, AI-GRS
Senior Managing Director
Valbridge Property Advisors | Southern Michigan

Education:

Bachelor of Arts Degree
College of Business
Financial Administration
Michigan State University, East Lansing, MI

License:

In Michigan, appraisers are required to be licensed/certified and are regulated by the Michigan Department of Licensing and Regulatory Affairs, P.O. Box 30018, Lansing, Michigan 48909. James T. Hartman is currently licensed as a Certified General Real Estate Appraiser with the State of Michigan, License #1205005950, with the State of Indiana, License #CG40600034, with the State of Ohio, License #2007005970, and with the State of Illinois, License #553.002225.

Real Estate Appraisal Curriculum, Appraisal Institute:

Classes:

- Basic Valuation
- Real Estate Appraisal Principles
- Residential Valuation
- Standards of Professional Practice, Part A
- Standards of Professional Practice, Part B
- Standards of Professional Practice, Part C
- Income Capitalization, Part A
- Income Capitalization, Part B
- Case Studies in Real Estate Valuation
- Report Writing and Valuation Analysis
- Highest & Best Use and market Analysis
- Business Practices and Ethics
- 7-Hour National USPAP Update Course
- Valuation of Conservation Easements
- Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets
- Review Theory – General
- Supervisory Appraiser/Trainee Course
- Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications

Scope of Work: Expanding your Range of Services

Seminars: Demonstration Appraisal Report Writing
Regulation of Financial Information Sharing & Information Brokering
REITS and the Role of the Real Estate Professional
Partial Interest Valuation – Divided
Appraisal Symposium – Real Estate Underwriting
Still Standing – The US Real Estate Market
Michigan Appraising Licensing Law and Rules
Appraisal Consulting: A Solutions Approach for Professionals
Supervising Appraisal Trainees
Land Valuation Adjustments Workshop
Analyzing Distressed Real Estate
Market Analysis and the Site to Do Business
Valuation & Litigations Services SIG Kick-Off – SIG2006
Fair Housing
Introduction to International Valuation Standards
Environmental Solutions for Commercial RE Transactions
Spotlight on USPAP: Common Errors and Issues
Michigan Economy 2009
Appraising Convenience Stores
Michigan Economy 2010
Spotlight on USPAP – Appraisal Review
Analyzing Distressed Real Estate
Spotlight on USPAP: Agreement for Services-Instructions
Loss Prevention program for Real Estate Appraisers
Liability Issues for Appraisers Performing Litigation & Other Non-Lender Work
Small Hotel/Motel Valuation
Government and the Housing Market
Introduction to Green Buildings: Principles & Concepts
Appraising Automobile Dealerships

Other Seminars/Courses:

Historic Preservation Conference: Incentives for Historic Preservation in Detroit - IPED
Michigan Tax Tribunal Contemporary Issues – Oakland University
LEED for New Construction and Major Renovations Technical Review Workshop - USGBC
Understanding the Impact of the Interagency Appraisal and Evaluation Guidelines for Appraisers and Lenders
Advanced Computer Applications for Appraisers – Valbridge Property Advisors
Fractional Interest Valuation – Valbridge Property Advisors

Appraisal Assignments:

Performed a variety of appraisal assignments including appraisals of vacant land, subdivisions, industrial buildings, hotels, golf courses, resorts, shopping centers, bowling/family entertainment centers, manufactured home communities, elderly care facilities, condominium construction and conversion, restaurants, and office buildings.

Counseling Services:

Economic feasibility and market studies for golf courses, hotels, apartments, multi-tenant office buildings, multi-tenant shopping centers and elderly care facilities.

Professional Recognition:

2000-1	Advisory Board, West Michigan Branch, Great Lakes Chapter, Appraisal Institute
2001	Awarded MAI designation by the Appraisal Institute
2002	Vice-Chair, West Michigan Branch, Great Lakes Chapter, Appraisal Institute
2002	Public Relations Committee, Great Lakes Chapter, Appraisal Institute
2002	General Comprehensive Exam Subcommittee, Standard Setting Panel, Appraisal Institute
2003	Chair, West Michigan Branch, Great Lakes Chapter, Appraisal Institute
2003	Region III Representative Alternate, Great Lakes Chapter, Appraisal Institute
2004	Director, Great Lakes Chapter, Appraisal Institute
2004-22	General Comprehensive Exam Subcommittee, Appraisal Institute
2004	Real Estate Appraiser Exam Content Expert, Bureau of Commercial Services Department of Labor & Economic Growth, State of Michigan
2006	Secretary, Great Lakes Chapter, Appraisal Institute
2007	Treasurer, Great Lakes Chapter, Appraisal Institute
2008	Awarded SGA designation from The Society of Golf Appraisers
2008	Vice President, Great Lakes Chapter, Appraisal Institute
2008-9	Region III Representative, Great Lakes Chapter, Appraisal Institute
2009	President, Great Lakes Chapter, Appraisal Institute
2009-10	Vice Chair, General Comprehensive Exam Panel, Appraisal Institute
2009	Awarded MRICS designation from the Royal Institution of Chartered Surveyors
2010	Past President (Board of Directors) Great Lakes Chapter, Appraisal Institute
2010	Region III Representative, Great Lakes Chapter, Appraisal Institute
2011-14	Chair, General Comprehensive Exam Panel, Appraisal Institute
2014-15	Secretary, The Society of Golf Appraisers
2014	Awarded AI-GRS designation from Appraisal Institute
2014-22	Member, State of Michigan Board of Real Estate Appraisers
2016-17	President, Society of Golf Appraisers
2015-19	Vice Chair, General Comprehensive Exam Panel, Appraisal Institute
2016-21	Vice Chair, State of Michigan Board of Real Estate Appraisers
2021-22	Chair, State of Michigan Board of Real Estate Appraisers



Blake R. Damerow

Appraiser

Valbridge Property Advisors | Southern Michigan

Education:

Davenport University
Bachelor of Business Administration

License:

In Michigan, appraisers are required to be licensed/certified and are regulated by the Michigan Department of Licensing and Regulatory Affairs, P.O. Box 30018, Lansing, Michigan 48909. Blake R. Damerow is currently licensed as a Limited Real Estate Appraiser with the State of Michigan, License #1201076491.

Appraisal Assignments:

A variety of appraisal assignments including appraisals of residential, commercial, industrial, and mixed-use properties for federally related mortgage transactions, private estates, and tax purposes.

Types of Assignments:

Single Family Residences	Apartments
2-4 Family Residences	Assisted Living Facilities
Convenience Stores/Gas Stations	Golf Courses
Industrial/Warehouse	Hotels/Motels
Office Buildings	Retail Buildings
Residential Subdivisions	Shopping Centers
Vacant Land	Going Concern



Valbridge

PROPERTY ADVISORS



FAST FACTS

COMPANY INFORMATION

- Valbridge is the largest independent commercial property valuation and advisory service firm in North America.
 - Total number of MAI-designated appraisers (200+ on staff)
 - Total number of office locations (80+ across the U.S.)
 - Total number of staff (675+ strong)
- Valbridge covers the entire U.S. from coast to coast.
- Valbridge specializes in appraising all types of real property.
- Valbridge provides independent valuation services. We are NOT owned by a brokerage firm or investment company.
- Every Valbridge office is overseen by a senior managing director who holds the MAI designation of the Appraisal Institute.
- Valbridge is owned by local offices.
- Valbridge welcomes single-property assignments as well as portfolio, multi-market, and other bulk-property engagements.

Valbridge Property Advisors, Inc.

2240 Venetian Court
Naples, FL 34109
Phone: 888.981.2029



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San Ramon, CA 94583
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(970) 340-1016

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Centennial, CO 80111
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Durango, CO 81301
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Glastonbury, CT 06033
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Coral Gables, FL 33134
(305) 639-8029

734 Rugby St.
Orlando, FL 32804
(407) 493-6426

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West Palm Beach, FL 33407
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Summer 2021

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6490 S. McCarran Blvd., #51
Reno, NV 89509
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Cary, NC 27511
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1422 Euclid Ave., Ste. 616
Cleveland, OH 44115
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5909 NW Expy., Ste. 104
Oklahoma City, OK 73132
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11 Cleveland Ct.
Greenville, SC 29607
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920 Bay St., Ste. 26
Beaufort, SC 29902
(843) 884-1266

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213 Fox Rd.
Knoxville, TN 37922
(865) 522-2424

756 Ridge Lake Blvd., Ste. 225
Memphis, TN 38120
(901) 753-6977

5205 Maryland Way, Ste. 300
Brentwood, TN 37027
(615) 369-0670

TEXAS

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Lubbock, TX 79423
(806) 744-1188

901 Mopac Expy. S., Bldg. 1, Ste. 300
Austin, TX 78746
(737) 242-8585

10210 North Central Expy., Ste. 115
Dallas, TX 75231
(214) 446-1611

974 Campbell Rd., Ste. 204
Houston, TX 77024
(713) 467-5858

TEXAS (CONT'D)

9901 IH-10 West, Ste. 1035
San Antonio, TX 78230
(210) 227-6229

UTAH

527 E. Pioneer Rd., Ste. 240
Draper, Utah 84020
(801) 262-3388

20 North Main
St. George, UT 84770
(435) 773-6300

321 N. County Blvd., Ste. D
American Fork, UT 84003
(801) 492-0000

VIRGINIA

656 Independence Pkwy., Ste. 220
Chesapeake, VA 23320
(757) 410-1222

4914 Fitzhugh Ave.
Richmond, VA 23230
(757) 345-0010

5107 Center St., Ste. 2B
Williamsburg, VA 23188
(757) 345-0010

WASHINGTON

8378 W. Grandridge Blvd., Ste. 110-D
Kennewick, WA 99336
(509) 221-1540

25923 Washington Blvd., NE., Ste. 300
Kingston, WA 98346
(360) 649-7300

324 N. Mullan Rd.
Spokane Valley, WA 99206
(509) 747-0999

WISCONSIN

12660 W. North Ave.
Brookfield, WI 53005
(262) 782-7990

BUY-SELL AGREEMENT

This Buy-Sell Agreement (the "Agreement") is made as of _____, 2026, between Deep Green Technologies USA LLC, a Delaware limited liability company licensed to do business in Michigan, whose address is 1007 N. Orange Street, 4th Floor, Suite 1382, Wilmington Delaware 19801 (the "Purchaser"), the City of Lansing, a Michigan municipal corporation, whose principal business address is 124 West Michigan Avenue, Lansing, MI 48933 (the "Seller"), and the City of Lansing Building Authority, a public body corporate, organized and existing pursuant to the provisions of Act 31, Public Acts of Michigan, 1948 (First Extra Session), as amended, whose address is c/o City of Lansing, 124 W. Michigan Avenue, Lansing, Michigan 48933 (the "Building Authority").

RECITALS

A. The Seller owns the real property located at 229 South Cedar Street, Lansing, Michigan, including surrounding properties that are located on East Kalamazoo Street, between Cedar and Larch Streets, commonly known as Parking Lot #49/49A, Parcel Numbers 33-01-01-16-427-082, 33-01-01-16-427-122, and 33-01-01-16-427-051 consisting of approximately 2.5 acres, as legally described on the attached Exhibit A (the "Property"). The Property shall be deemed to include all improvements and appurtenances now or hereafter on the land. The legal description of the Property described on Exhibit A shall be verified by the Survey, if any, prepared in accordance with Section 5 below and amended, if necessary.

B. The Seller desires to sell to the Purchaser, and the Purchaser desires to purchase from the Seller, the Property, in accordance with the terms and conditions of this Agreement.

C. Historical title documents indicate that the Building Authority had, and may still have, an interest in the Property. As part of the sale and conveyance described in this Agreement, the Building Authority intends to transfer whatever interest it may still have in the Property to Purchaser, subject to the terms and conditions of this Agreement.

TERMS AND CONDITIONS

In exchange for the consideration in and referred to by this Agreement, the parties agree as follows:

1. Property Conveyance and Acquisition. The Seller agrees to sell and convey to the Purchaser, and the Purchaser agrees to purchase and acquire from the Seller, the Property. The sale and conveyance of the Property under this Agreement shall include the existing surface parking lot improvements located on the Property. The sale and conveyance of the Property to the Purchaser is subject to the terms and conditions of this Agreement, and unless waived or acceptable to Purchaser in Purchaser's sole discretion: all (i) applicable building and use restrictions, (ii) zoning ordinances, and (iii) utility easements of record, including any easements held by the Lansing Board of Water and Light.

2. Property Development. After closing, and unless otherwise agreed upon by the parties, the Purchaser shall develop the Property for use as a data center together with any supportive office space, which shall be designed and constructed with the following criteria (collectively, "Minimum Criteria"): (i) any structures shall be compliant with dimensional requirements for the DT-3 zoning district as reflected in the final site plan for the Project (as defined below) as approved by Seller; (ii) the development must have adequate screening including facades or other structures,

for any industrial structures on the Property; (iii) the architectural standards and exterior materials used for any buildings, structures, screening, or other massing on the Property shall be in compliance with the requirements of the DT-3 zoning district as reflected in the final site plan for the Project as approved by Seller; (iv) the Purchaser agrees that no portion of the Property shall be used for any purpose other than a data center, supportive office space and other ancillary uses (collectively, the "Project"); (v) total private investment in the Project, including the cost of the Property, shall be a minimum of Five Million and 00/100 Dollars (\$5,000,000.00) per megawatt ("MW") of total utility load (by way of example and not limitation, if the completed Project uses 24 MW, then the total private investment in the Project will be One Hundred Twenty Million and 00/100 Dollars (\$120,000,000.00); (vi) within twelve (12) months following completion of construction, the Project will create a minimum of fifteen (15) full-time jobs, inclusive of full-time jobs created by Purchaser and any tenants of the Project, and (vii) after completion of construction, the operation of the Project will at all times be in compliance with any and all Lansing City Code regarding noise limitations, and will not be entitled to any exemption for industrial property or industrial use. The development, construction and ongoing maintenance of the Project shall be conducted in accordance with all applicable laws and ordinances. The Purchaser acknowledges and agrees that the development and use of the Property in accordance with this paragraph is a material part of the consideration to the Seller for this Agreement and the sale of the Property.

2a. Minimum full-time jobs. For purposes of the Agreement, a "full-time employee" shall include a person 1) who is employed by the Purchaser on a salary, wage, commission, or other basis, for a minimum period of forty (40) hours per week; and 2) from whose compensation the Purchaser is required by law to withhold for City income taxes. Compliance with § 2(vi) of this Agreement will be demonstrated by the Purchaser submitting to the Seller on or before February 1 of the first year after completion of construction and on or before February 1 of each year thereafter, a certified status report (the "Status Report") signed by the chief executive officer of the Purchaser, or the general manager of the Project. The Status Report shall set forth the average number of full-time employees at the Facility during the calendar year preceding the date of the Status Report, the Company's efforts to hire local residents as required in Paragraph No. 3, and the Facility costs as of the December 31st preceding the date of the Status Report. For purposes of the Agreement, the average full-time employees shall be computed as the average of the number of full-time employees at the Facility on March 31, June 30, September 30, and December 31 of the calendar year preceding the date of the Status Report. Each year, for each full-time employee below the 15 committed by the Purchaser, the Purchaser shall pay to the Seller \$1500.00.

3. Consideration. The purchase price for the Property is One Million Four Hundred Thousand and 00/100 Dollars (\$1,400,000.00) (the "Purchase Price"). The Purchase Price shall be payable by wire transfer of immediately available funds by Purchaser at closing.

4. Deposit. As of the signing of this Agreement Purchaser has deposited Twenty-Five Thousand and 00/100 Dollars (\$25,000.00) with First American Title Insurance Company (the "Title Company"), which shall serve as and become the earnest money deposit under this Agreement (the "Deposit"). The Deposit shall be applied to the Purchase Price at closing, or otherwise distributed in accordance with the terms of this Agreement. The Parties shall enter into an escrow agreement regarding the Deposit, using a form substantially similar to the standard escrow agreement utilized by the Title Company, within five (5) days of the signing of this Agreement.

5. Survey. The Purchaser may provide, at its sole cost and expense, a survey of the Property, prepared by a licensed Michigan land surveyor or civil engineer, containing an accurate metes and bounds description and certification of the acreage of the Property, and showing all improvements, encroachments, easements, rights-of-way, and the locations of all utility lines on the Property (the "Survey"). The Survey shall be certified to the Purchaser, the Seller and the Title Company. The results of the Survey must be determined by the Purchaser during the Inspection Period specified in paragraph 7 below to be acceptable to the Purchaser, in the Purchaser's sole discretion, or the Purchaser shall not be required to close.

6. Title Insurance. At the Purchaser's sole cost and expense, the Title Company shall provide a standard ALTA owner's policy of title insurance, without standard exceptions (other than any exceptions regarding survey, which shall be the Purchaser's obligation to provide the necessary survey), in the amount of the Purchase Price effective as of the date of closing. At closing, the Seller shall deliver to the Title Company an owner's affidavit and such other documents reasonably required by the Title Company to enable the Title Company to delete its standard exceptions (other than any exceptions regarding survey, which shall be the Purchaser's obligation to provide the necessary survey) and to provide a "marked-up" title commitment, dated as of the closing date. The "marked-up" title commitment shall reflect the Purchaser as the owner of the Property and the insured under said title commitment. A commitment to issue such policy insuring marketable title vested in the Purchaser, including a tax status report, and copies of all exceptions to title disclosed therein, will be obtained by the Purchaser for the Seller's inspection within fifteen (15) days after the Purchaser's final acceptance of this Agreement. Said commitment and policy shall be issued by the Title Company. The status of the Seller's title must be marketable and any easements, reservations, or exceptions that will continue after closing must be acceptable to the Purchaser, or the Purchaser shall not be required to close.

If the Purchaser, within twenty (20) days of the receipt of the title insurance commitment and copies of all exceptions to title disclosed therein, makes a written objection to the Seller as to the marketability of the Seller's title (the "Title Objection"), the Seller shall have thirty (30) days to cure the Title Objection. In the event the Seller is unable or unwilling to cure the Title Objection defect, then such defect may be waived by the Purchaser. If the Purchaser is unwilling to waive the Title Objection, then the Purchaser or the Seller may declare this Agreement terminated, in which event the Deposit shall be returned to the Purchaser, and the parties shall have no further obligation or liability to each other.

If, during the Inspection Period, the Seller discovers a title exception, marketable title defect, unrecorded document, legal right of another, or Title Objection (collectively, "Title Defect") that the Seller determines in its sole discretion will expose the Seller to: (i) a claim of breach of obligation or duty of the Seller to a third party; or (ii) a claim for damages, and the Seller is unable or unwilling to cure the Title Defect, and notifies Purchaser in writing within ten (10) business days of the discovery thereof, then the Purchaser or the Seller may declare this Agreement terminated by written notice to the other party. In the event of such termination, this Agreement shall be deemed null and void and no longer in effect, the Deposit shall be returned to the Purchaser, and the parties shall have no further obligation or liability to each other.

7. Access; Inspections. Within one hundred eighty (180) days from the date of this Agreement (the "Inspection Period"), the Purchaser may enter the Property with one (1) business day advance notice to the Seller to make any inspections, examinations, tests or studies that the Purchaser deems necessary, provided such activities shall not interfere with the possessory rights of the Seller and

the Seller's use of the Property. The Purchaser shall be solely responsible for all costs and expenses incurred in doing so and, if this transaction does not close, it will reasonably restore the affected property to the substantially same condition it was in prior to its entry on the Property. The Purchaser agrees to indemnify and hold the Seller, its employees, officers, and agents, free and harmless from any cost, expense, damage, liability, or claim arising out of or in connection with the exercise by the Purchaser of the rights conferred by this paragraph.

If during the Inspection Period, the Purchaser is not, for any reason or no reason, satisfied with the results of the inspections, examinations, tests or studies, in the Purchaser's sole discretion, the Purchaser may notify the Seller in writing prior to the expiration of the Inspection Period of the Purchaser's desire to terminate this Agreement. If the Purchaser notifies the Seller in writing of its desire to terminate this Agreement prior to the expiration of the Inspection Period, the Deposit shall be returned to the Purchaser and this Agreement shall be deemed null and void. If no notice is received by the Seller from the Purchaser within the Inspection Period, the Purchaser shall have been deemed to accept the inspection results of the Property.

Notwithstanding anything to the contrary contained in this Agreement, and as conditions precedent to the Purchaser's and Seller's obligations to close on the purchase and sale of the Property, during the Inspection Period all of the following must be completed/performed:

- (a) The City of Lansing Planning Board completing and placing on file with the Lansing City Council ("Council") a review pursuant to the Michigan Planning Enabling Act (P.A. 33 of 2008 as amended).
- (b) Lansing City Council approving this Agreement by resolution. Council has full and independent authority to approve or reject this Agreement for whatever reason; a rejection by the Council will not be deemed an act of breach or default of this Agreement.
- (c) The Purchaser completing any and all due diligence activities and reviews, to Purchaser's sole satisfaction, to determine if the Property is suitable for Purchaser's Intended Use.
- (d) The Purchaser having obtained from the City of Lansing and all governmental agencies having jurisdiction over the Property all necessary rezoning, site plan approvals, and other governmental approvals, as determined by the Purchaser in its sole discretion, allowing the Purchaser to develop the Project (collectively, the "Governmental Approvals").
- (e) The Purchaser having obtained from the City of Lansing and all governmental agencies having jurisdiction over the Property all necessary permits for the Purchaser to commence construction of the infrastructure on the Property, and the Purchaser, the City of Lansing, and all governmental agencies having jurisdiction over the Property have completed the "pre-construction" meeting allowing the Purchaser to commence construction of the Project (collectively, the "Permit Approvals").

- (f) The Purchaser obtaining a firm, written commitment for financing for the Project, which shall be in an amount and upon terms that are acceptable to Purchaser in its sole discretion, and an appraisal, both of which are satisfactory to Purchaser's lender and/or other financing sources to allow the Purchaser to facilitate the acquisition, construction, and completion of the Project (collectively, the "Financing Approval").

If during the Inspection Period, Purchaser accepts the physical condition of the Property, but Purchaser has not obtained, each in a condition satisfactory to Purchaser, in Purchaser's sole discretion, the Governmental Approvals, the Permit Approvals, and the Financing Approval only, the Purchaser shall have the right to extend the term of the Inspection Period for an additional ninety (90) days in order to obtain satisfactory Governmental Approvals, the Permit Approvals, and the Financing Approval, as the case may be (the "Extended Inspection Period"), by providing the Seller with written notice prior to the expiration of the Inspection Period.

Within the Extended Inspection Period, as soon as Purchaser obtains the Governmental Approvals, the Permit Approvals, and the Financing Approval, the Purchaser shall notify the Seller in writing that Purchaser is prepared to proceed to Closing. If during the Extended Inspection Period, the Purchaser has not obtained the Governmental Approvals, the Permit Approvals, and the Financing Approval, then the Deposit shall be turned over to the Seller and this Agreement shall automatically terminate without any further action of the parties. If the Purchaser notifies the Seller in writing of its desire to terminate this Agreement prior to the expiration of the Extended Inspection Period, for any reason, the Deposit shall be turned over to the Seller and this Agreement shall be deemed null and void without any further action of the parties. If no notice of any kind is received by the Seller from the Purchaser upon conclusion of the Extended Inspection Period, the Deposit shall be turned over to the Seller and this Agreement shall be deemed null and void without the need for any further action by the parties.

The Purchaser agrees that the Purchaser is not relying on any representation or statement made by the Seller regarding any aspect of the Property, except as may be expressly set forth in this Agreement. Accordingly, the Purchaser agrees to accept the Property as expressly provided in this Agreement and set forth in the closing documents agreed to by both Parties.

8. Disclosures; Release. The Seller shall provide or make available to the Purchaser, within ten (10) days after the date of this Agreement, complete copies of all existing environmental reports, asbestos surveys, audits, building inspection reports, structural analysis, engineering reports, surveys, construction drawings, architectural plans and specifications, utility plans and specifications, and investigations for or affecting the Property which are in the Seller's possession or control and that the Seller is able to locate. In addition, the Purchaser and/or its agents shall be authorized to review any public records of the Property on file with the municipal authority having jurisdiction.

If the Purchaser does not terminate this Agreement and closes on the Property, the Purchaser agrees that it shall have unconditionally released the Seller from and against any and all liability to the Purchaser, both known and unknown, present and future, for "environmental damage," degradation, response, remediation and clean-up costs to the Property arising out of applicable

environmental laws or the presence of hazardous substances on, under, or about the Property at the date of closing.

9. Warranties of Seller. Except as otherwise provided or acknowledged in this Agreement, the Seller will represent and warrant to the Purchaser at closing, which representations and warranties shall survive closing, as follows:

- a. Marketable title to the Property shall be transferred to the Purchaser on the closing date, free from liens, encumbrances, claims of others, unless otherwise specified herein or in the Covenant Deed given and accepted at closing. The Building Authority shall release to Purchaser any interest it may still have in the Property by Quit Claim Deed (or other form of deed acceptable to Title Company, Purchaser and Seller to delete any such interest as an exception to title in Purchaser's owner's policy) given and accepted at closing.
- b. Performance of the obligations of the Seller under this Agreement will not violate any contract, indenture, statute, ordinance, judicial or administrative order or judgment applicable to the Seller or the Property.
- c. There is no litigation or proceeding pending, or to the Seller's knowledge threatened, against or involving the Seller or the Property, and the Seller does not know of any ground for any such litigation or proceeding, which could have a material adverse impact on the Purchaser or the Purchaser's title to the Property.
- d. The Seller shall continue its current insurance of the improvements on the Property and maintain the Property in its current condition during the interim period between the acceptance of this Agreement and the closing date.
- e. The Seller is not aware of any latent defects on the Property not disclosed to Purchaser.

10. Warranties of Purchaser. Except as otherwise provided or acknowledged in this Agreement, the Purchaser will represent and warrant to the Seller at closing, which representations and warranties shall survive closing, as follows:

- a. The performance of the obligations of the Purchaser under this Agreement will not violate any contract, indenture, judicial or administrative order or judgment applicable to the Purchaser.
- b. There is no litigation or proceeding pending against or involving the Purchaser, and the Purchaser does not know of any ground for any such litigation or proceeding, which could have an adverse impact on the Seller or the Seller's interest under this Agreement.
- c. Except as otherwise provided or acknowledged in this Agreement or any documents executed at closing, after the Purchaser completes the Purchaser's due diligence in accordance with paragraph 7 of this Agreement, the Purchaser acknowledges that if the Purchaser proceeds to closing the Purchaser is purchasing the Property, and any and all buildings and improvements located on the Property that are included in the sale, "as is" in its current physical condition and "where is" as to location.
- d. The development and use of the Property shall be completed in accordance with paragraph 2 of this Agreement.
- e. Neither Purchaser, nor any of its principals, are in debt or default of any outside agreement or condition, to the City of Lansing.

11. Damage to Property. If between the date of this Agreement and the closing date, all or any part of the Property is damaged by hazard or natural elements or other causes beyond the Seller's control which cannot be repaired prior to the closing date, Seller shall immediately notify the Purchaser of such occurrence. The Purchaser may elect to terminate this Agreement by written notice to the Seller within thirty (30) days after receipt of notice of the damage from the Seller. If the Purchaser exercises the right to terminate this Agreement, the Deposit shall be returned to the Purchaser and this Agreement shall be null and void. If the Purchaser does not elect to terminate this Agreement, there shall be no reduction of the Purchase Price and at closing, and the Seller shall assign, if permitted by the insurance contract, to the Purchaser whatever rights the Seller may have with respect to any insurance proceeds.

12. Property Taxes, Special Assessments and Utilities. The Purchaser shall be responsible to pay all taxes, special assessments and utility rates or charges levied or assessed against the Property after closing. Seller shall pay or otherwise obtain a waiver of all taxes, special assessments and utility rates or charges levied or assessed against the Property prior to closing and as of the closing date.

The Purchaser acknowledges and agrees that future tax revenue from the development and ownership of the Property is a material part of the consideration to the Seller for this Agreement and the sale of the Property. The Purchaser agrees not to transfer or close on the sale of all or part of the Property to an entity that will result in the Property becoming tax exempt. The Purchaser agrees that the Property will be placed on the tax rolls and remain on the tax rolls for a period of not less than twenty (20) years commencing with the date of closing. In the event the Property is removed from the tax rolls after the commencement of the twenty (20) year taxing period for the Property, but prior to the expiration of such period, then the Purchaser or the then current owner of the Property will reimburse the City for an amount equal to the taxable value of the improved Property in the year before it is no longer taxed (the "Base Value") times nineteen and 44/100 (19.44) mills, which shall equal the "Annual Amount" for each year remaining up to and including the final year of the twenty (20) year period.

The amount payable to the Seller will be either paid on an annual basis or in one lump sum. If the Purchaser or the then current owner of the Property elects to make annual payments, the Base Value shall be increased each year over the prior year's Base Value by the rate promulgated annually by the State Tax Commission to cap taxable value. If the Purchaser or the then current owner of the Property elects to make a lump sum payment, the lump sum payment shall be calculated by increasing the Annual Amount by three percent (3.0%) for each year remaining and discounting back at five percent (5.0%), equaling the net present value. The lump sum is due and payable on or before the Purchaser closes on the transfer or sale of the Property to the State of Michigan or other agency or entity that results in the Property becoming tax exempt or unless the Purchaser or the then current owner of the Property elects to make annual payments. The annual payments shall be due and payable on or before June 15th, commencing in the year the Property is no longer taxed and continuing on June 15th of each year for the remaining time.

Notwithstanding the foregoing, if the Property is taken off the tax rolls through eminent domain, condemnation, or any other governmental taking, whatsoever, the Purchaser or the then current owner of the Property shall not be obligated to reimburse the Seller for the taxable value under this paragraph.

13. Closing. The closing (the "Closing") will take place as soon as possible following the satisfaction of all conditions precedent specified in this Agreement, and in no event later than sixty (60) days following the earlier of: (i) the expiration of the Inspection Period, or Extended Inspection Period, as the case may be; or (ii) the date the Purchaser obtains all of the Governmental Approvals, the Permit Approvals, and the Financing Approval, and the conditions precedent in Section 7 met or deemed waived if applicable. The Closing will occur at the offices of the Title Company, at a time mutually agreed upon by the Purchaser and the Seller, or at another location as mutually agreed upon by the parties. The Purchaser shall pay the recording fees and any costs associated with any financing the Purchaser may obtain, the title commitment, and the title policy. Each party shall pay its own attorneys' fees and costs.

At the Closing, the Seller shall deliver the following to the Purchaser or the Title Company, as indicated:

- a. A Covenant Deed from the Seller, and a Quit Claim Deed or other form of deed as reflected in paragraph 9a above from the Building Authority as specified in this Agreement;
- b. Copies of the Seller's organizational and authority documents sufficient to establish to the Purchaser and the Title Company, the Seller's authority to enter into and to consummate this transaction;
- c. Any other documents required by this Agreement to be delivered by the Seller.

At the Closing, the Purchaser shall deliver the following:

- a. To the Seller, the Purchase Price specified in paragraph 3 above, less the Deposit, in the form of U.S. currency, by wire transfer of immediately available funds, as adjusted by the apportionments and assignments in accordance with this Agreement;
- b. Copies of Purchaser's organizational and authority documents, sufficient to establish to Seller and the Title Company, the Purchaser's authority to enter into and consummate this transaction;
- c. Any other documents required by this Agreement to be delivered by the Purchaser.

14. Statement of Lack of Necessity. Pursuant to Lansing City Charter 8-403 and the real property disposition ordinances promulgated thereunder, the real property to be disposed of in this Agreement, or any other agreements referenced or required herein, is not necessary for public purposes.

15. Brokers. Each party represents and warrants that there are no brokers', finders' or similar fees or commissions in connection with this transaction, except that Purchaser has engaged Martin Commercial Properties ("Martin") as its commercial broker, which commission Purchaser will pay pursuant to its separate agreement with Martin.

16. Assignment. The Purchaser may not assign this Agreement without the prior written consent of the Seller, which consent shall not be unreasonably withheld, conditioned or delayed. If consented to by Seller, any assignee(s) shall be subject to all of the conditions of this Agreement as if they were an original party thereto.

17. Breach and Remedies. In the event of default by the Purchaser under this Agreement prior to the Closing, the Seller's sole remedy at law or equity shall be to declare forfeiture and obtain the entire Deposit as liquidated damages, in full termination of this Agreement. In the event of a

default by the Seller, the Purchaser may, at its option, elect to: (i) specifically enforce the terms of this Agreement, in which event, the Purchaser shall be entitled to recover from the Seller the court costs and reasonable attorneys' fees incurred by the Purchaser in specifically enforcing this Agreement; or (ii) demand and be entitled to an immediate refund of the entire Deposit in full termination of this Agreement. In the event of default by the Purchaser under this Agreement after Closing, Seller may seek all rights and remedies available at law, in equity, or in this Agreement to enforce all its rights and Purchaser's obligations under this Agreement. To the extent permitted by law, the parties agree that the jurisdiction and venue for any action brought to enforce rights or obligations under this Agreement shall be solely in the State Courts in Ingham County, Michigan and that the applicable laws, should any choice of law arise, shall be those of the State of Michigan.

18. Notices. Any notice required or permitted by this Agreement shall be sufficient if in writing and either delivered personally or by regular mail addressed to the parties at their addresses specified below, and any notices given by mail shall be deemed to have been given as of the next business day following the date of posting.

In case of the Seller, addressed to or delivered personally to:

Rawley Van Fossen
Director, Department of Economic Development and Planning
316 North Capitol Avenue
Lansing, MI 48933

and with a copy mailed or delivered to:

Lansing City Attorney
124 West Michigan Avenue
City Hall-5th Floor
Lansing, MI 48933

In case of the Purchaser, addressed to or delivered personally to:

Deep Green Technologies USA LLC
1007 N. Orange Street
4th Floor, Suite 1382
Wilmington Delaware 19801

and with a copy mailed or delivered to:

Michell D. Goldsmith, Esq.
Taft Stettinius & Hollister
111 E. Wacker Drive, Suite 2600
Chicago, Illinois 60601-4208

Either party may change its address for notices, from time to time, by designating the new address in writing and forwarding it to the other party as provided in this paragraph.

19. Miscellaneous.

a. This is the entire agreement between the parties regarding its subject matter. This Agreement supersedes any and all other agreements, either oral or written, between the parties with respect to the subject matter of this Agreement. This Agreement may not be

modified or amended except in writing executed by both parties. The captions are for reference only and shall not affect the interpretation of this Agreement. More than one copy of this Agreement may be signed, but all constitute but one agreement. A facsimile or electronically transmitted signature by any party to this Agreement shall constitute a binding signature to this Agreement.

b. This Agreement shall be binding upon the parties and their subrogees, successors, and assigns. Time is deemed to be of the essence of all undertakings and agreements of the parties hereto.

c. Whenever this Agreement requires that something be done within a specified period of days, that period shall (i) not include the day from which the period commences, (ii) include the day upon which the period expires, (iii) expire at 5:00 p.m. U.S. Eastern time on the day upon which the period expires, and (iv) be construed to mean calendar days; provided, that if the final day of the period falls on a Saturday, Sunday or City of Lansing holiday, the period shall extend to the first business day thereafter.

d. Purchaser shall have possession of the Property from and after the Closing, free and clear of any rights or claims of possession by any third party or the Seller.

e. Purchaser agrees that in the event construction of the Project has not commenced, which is defined as vertical construction of a permanent structure on the Property (as evidenced by work done beyond demolition and groundbreaking, pursuant to a Building Permit issued consistent with the approved site plan), within two (2) years from the date of closing (the "Outside Commencement Deadline"), then Seller shall have the right, but not the obligation, within ninety (90) days from the Outside Commencement Deadline, to purchase the Property back from Purchaser for an amount equal to the Purchase Price, plus any state and county transfer taxes, title insurance, and all closing costs and recording fees (the "Right of Reacquisition"). Notwithstanding anything to the contrary in the foregoing, if Purchaser's failure to timely commence construction of the Project is due to Seller's action or failure to act, then the Outside Commencement Deadline shall be extended by the number of days that Seller's action or failure to act caused any delay in the commencement of the construction of the Project. If Seller exercises its Right of Reacquisition, it must do so only in accordance with this Paragraph 19e, and shall provide written notice of such exercise to Purchaser; however, provided Seller is not otherwise in breach of its obligations under this Agreement, Purchaser shall not have any right to cure or contest the Reacquisition.

f. The Covenant Deed from Seller to Purchaser shall be in the form attached hereto as Exhibit B.

g. A Memorandum of Development Agreement, in the form attached hereto as Exhibit C, shall be recorded at the time of closing.

[SIGNATURES OF THE PARTIES ON THE NEXT PAGE]

The parties have signed this Agreement as of the date first above written.

CITY OF LANSING

PURCHASER

By: _____
Andy Schor, Mayor

Deep Green Technologies USA LLC

DocuSigned by:
By: _____
Mark Lee

Its: Director

By: _____
Chris Swope, Clerk

Approved as to form:

By: _____
Gregory Venker, City Attorney

CITY OF LANSING BUILDING
AUTHORITY

By: _____
Andrew Kilpatrick, Chairperson

[Signature Page of that certain Buy-Sell Agreement between Deep Green Technologies USA LLC as the Purchaser, the City of Lansing, a Michigan municipal corporation, as the Seller, and the City of Lansing Building Authority, a public body corporate, as a party in interest]

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT B
FORM OF COVENANT DEED

EXHIBIT C
FORM OF MEMORANDUM OF DEVELOPMENT AGREEMENT

CONFIDENTIAL

NON-BINDING TERM SHEET
between
Lansing Board of Water & Light
and
Deep Green Technologies USA LLC

This Non-Binding Term Sheet (the "Term Sheet") is entered into as of March 2, 2026 (the "Effective Date") by and between **Lansing Board of Water & Light** ("BWL"), a Michigan municipal electric utility, and **Deep Green Technologies USA LLC** ("Deep Green"), a corporation organized and existing under the State of Delaware, jointly the "Parties" and individually a "Party." This Term Sheet includes preliminary project pricing and some key business terms to facilitate commercial discussion and contract negotiations for an Infrastructure Construction and Service Agreement and a Long Term Large Load Electric Service Agreement. The terms contained herein are not binding on the Parties, are not intended to create rights in favor of the Parties, and are subject to the negotiation of the definitive agreements described in this Term Sheet. No agreement to enter a transaction shall exist or be deemed to exist until both Parties execute the definitive agreements. Neither Party is liable to the other Party for any incidental, punitive, consequential, special, or indirect damages including, without limitation, lost profits or lost opportunity costs, arising from this Term Sheet, whether by reason of contract, indemnity, strict liability, negligence or otherwise.

RECITALS

- A. Deep Green desires to construct a data center with a closed-loop cooling system and associated accessory facilities (the "Project"); and
- B. The Parties desire to ultimately enter into definitive agreements to set forth the Parties' obligations relating to the utility infrastructure and other similar matters in support of the Project, and relating to the sale of electric energy and capacity for the Project; and
- C. BWL will install or cause to be installed infrastructure to provide electric service for the Project, and will provide such electric service upon terms and conditions agreed to between the Parties; and
- D. Deep Green will pay, indemnify, and hold harmless the BWL for all costs and expenses for all facilities and equipment needed for BWL to provide electric service to the Property for the Project, and will be bound by the BWL's applicable Rules and Regulations, and by its rates for such services; and

E. BWL and Deep Green desire to continue cooperating toward entering into an Infrastructure Construction and Service Agreement and a Long Term Large Load Electric Service Agreement (the "Definitive Agreements") that reflect these terms.

NOW, THEREFORE, in consideration of these recitals and the mutual agreements herein, the Parties agree as follows:

AGREEMENT

1. Definitive Agreements to be Developed and Finalized. The Parties intend to negotiate a definitive Infrastructure Construction and Service Agreement to set forth the Parties' obligations relating to utility infrastructure and other similar matters in support of the Project, and a definitive Long Term Large Load Electric Service Agreement for the purchase and sale of electric energy and capacity for the Project, upon such terms as are mutually acceptable to the Parties, which the Parties intend to be substantially in accordance with the terms set forth in this Term Sheet, and such other terms as the Parties deem necessary and advisable. The Parties acknowledge and agree that this Term Sheet does not include all material terms and conditions upon which the Parties must reach agreement in order to execute the Definitive Agreements.

2. Term. This Term Sheet will be superseded by the terms of the Definitive Agreements and will terminate upon execution of such Definitive Agreements, or will expire six (6) months after the Effective Date of this Term Sheet, whichever occurs first. Either party may choose to extend this agreement once for a period not to exceed three (3) months. Any further extension shall be pursuant to written agreement by the Parties.

3. Costs and Expenses. Deep Green agrees to pay for all costs and expenses for the facilities and equipment needed for BWL to provide electric service for the Project. Deep Green is responsible for such costs even if the Definitive Agreements are terminated early.

- a. Deep Green will pay for the design, procurement, and construction of all equipment and facilities for the Project, except equipment and facilities the BWL expressly agrees to pay for.
- b. Deep Green will pay BWL for any increases in the BWL's cost to serve in providing electric service, not initiated by the BWL.
- c. Deep Green shall pay an Exit Fee if it fails or ceases to take electric service from the BWL, which payment shall be due within 30 days of ceasing to take such service. Deep Green shall provide collateral sufficient to cover the maximum Exit Fee, which shall be in the form of a letter of credit or cash escrow.

4. Electric Power for the Project. Deep Green and the BWL will enter into a 20-year Long Term Large Load Electric Service Agreement. The Parties may enter into additional such agreements to extend service beyond 20 years. Electric power for the Project from the BWL will be three phase, 60 hertz, and 13,200 volts. The maximum load

for the Project will be 24MW, with 16MW being provided by onsite generation considered as primary and firm load.

- a. BWL will provide temporary construction power to the Property for the Project at an existing established rate for such construction power, and Deep Green will pay upfront for all costs for extending such power to the Property for the Project.
- b. Deep Green will pay upfront the entire capital cost for 16MW of onsite generation, but BWL will own and control the onsite-generation equipment throughout the term of the Long Term Large Load Electric Service Agreement. To the extent the 16MW of onsite generation costs are eligible for investment tax credits (ITC) or accelerated depreciation benefits, any related net price reduction or savings received by the BWL will be passed through to Deep Green.
- c. In addition to the 16MW of onsite generation, BWL will make available 8MW of electric power and bill it as additional power at an existing established rate. To the extent Deep Green does not demonstrate full utilization of the 8MW of additional electric power, the unused portion may be reallocated for general system needs, or at Deep Green's option, they may elect to pay the cost of maintaining the unused portion as reserve capacity.
- d. Deep Green and BWL will work together to jointly negotiate the terms of the onsite generation agreement(s) to ensure they meet operational requirements and deliver a viable power price.
- e. Information supporting the pass-through costs or obligations relating to the onsite generation agreement(s), including the related contractual terms, will be available to Deep Green.

5. Rate. For electric power generated onsite, the cost for such power is subject to final calculation. For electric power provided to the Project from the BWL's transmission and distribution system, the rate will be an existing applicable published rate established by the BWL. Pursuant to Rule 6.3 of the BWL's Electric Rules and Regulations, the application of such existing rate(s) is subject to change each year, and Deep Green may select the most-advantageous applicable rate for such service. Aside from the choice of rates available in Rule 6.3, Deep Green agrees it will not seek from the BWL a rate reduction during the term of the Long Term Large Load Electric Service Agreement.

- a. If Deep Green does not use all of the power generated onsite, BWL will consider pushing excess power back to the grid and compensating Deep Green for that power pursuant to terms and conditions satisfactory to the BWL, which shall include the requirement that Deep Green purchase, install, and maintain an Emergency Management System to manage and control power flows to limits acceptable to the BWL.
- b. BWL will sell power from the onsite generation to Deep Green. The cost of this power will be calculated by adding:

- a. All ongoing operational expenses from the onsite generation, including but not limited to, service charges and gas charges; plus additional charges like the following:
 - i. Monthly Fixed Charge, Energy Waste Reduction Charge, Renewable Energy Charge, System Contribution Charge, and ROE Charge.
- c. It is the intent of the Parties that, following an anticipated 24-month ramp-up period, the annual payment to the City of Lansing for Return on Equity charges (ROE) resulting from the sale of the power provided to the Project will be at least \$1,000,000.00, based on the currently agreed to ROE rate between the BWL and the City. In the event the ROE charges in any given year for power generated onsite and power provided from the BWL transmission and distribution system to the Project are less than \$1,000,000.00, the Parties agree to be equally responsible for satisfying that shortfall to ensure the City receives an annual ROE payment relating to the Project of at least \$1,000,000.00.

6. Payments. Deep Green will timely pay all bills and invoices issued by the BWL or on behalf of the BWL. In addition, Deep Green shall pay the following:

- a. A construction deposit, which shall be due upon execution of the Infrastructure Construction and Service Agreement. This deposit is intended to cover certain capital expenditures for onsite electrical-power generation, natural gas, electric-distribution costs, combined heat and power infrastructure, and hot-water infrastructure.
- b. A deposit equal to two months' worth of billings for electric service.
- c. An administrative fee in the amount of \$300,000.00, which shall be due within 30 days of execution of the Long Term Large Load Electric Service Agreement.
- d. Following an anticipated 24-month ramp-up period, an annual donation of \$120,000.00 to the BWL's Pennies for Power Program.

7. Access. Through easements or other written instruments satisfactory to the BWL, Deep Green will provide necessary access to the Property for BWL, its representatives and third-party contractors, and to provide suitable space for all necessary equipment and facilities.

8. Regulatory Compliance. Deep Green agrees to obtain and follow all required regulatory approvals and permits, including but not limited to, any applicable permits and environmental requirements.

9. Conditions, Documentation. The ultimate agreements contemplated by this Term Sheet are subject to the execution and delivery of definitive documentation to be prepared by the Parties and to be mutually agreeable to the Parties. This Term Sheet does not create and is not intended to create a binding or enforceable contract between the Parties, or any affiliate of a Party, and such provisions shall not be relied upon by a

Party or any affiliate of a Party as the basis for a contract by estoppel or otherwise for the completion of the Project.

10. Confidentiality. The Parties agree that the terms of this Term Sheet are confidential and that neither Party will disclose the terms to any third party without the prior written consent of the other Party, except as required by applicable law. The Parties acknowledge and agree the BWL is a municipal utility subject to the Michigan Freedom of Information Act (FOIA). As such, compliance with FOIA is not considered a breach of this Agreement.

11. Survival. Paragraphs 9 and 12 shall survive the expiration or termination of this Term Sheet.

12. Entire Agreement and Amendments. This Term Sheet supersedes all prior verbal and written agreements and understandings between the Parties with respect to the subject matter herein. This Term Sheet may be amended only by a writing executed by the Parties.

13. Governing Law. This Term Sheet shall be governed by and interpreted according to the laws of the State of Michigan.

14. Counterparts and Headings. This Term Sheet may be executed in one or more counterparts, each of which will be deemed an original and all of which, when taken together, will be deemed one Term Sheet. The headings in this Term Sheet are for convenience of reference only and do not affect the meaning or interpretation of this Term Sheet.

IN WITNESS WHEREOF, the Parties have caused this Term Sheet to be executed by their duly authorized representatives as of the Effective Date.

Lansing Board of Water & Light

By: DocuSigned by:
Richard R. Peffley
DD84180A9C1A465...

Name: Richard R. Peffley

Title: General Manager

By: DocuSigned by:
LaVella J. Todd
4B8C4421F3324C7...

Name: LaVella J. Todd

Title: Corporate Secretary

Deep Green Technologies USA LLC

By: DocuSigned by:

ED34F8920E4C421

Name: Mark Lee

Title: Chief Executive Officer

BWL Legal Approval

Signed by:
Jason Hawkins
9E309A842514473...
3/2/2026

Deep Green

On-Site Fuel Cell FAQs



Q: What is solid oxide fuel cell technology and how does it work?

A: Fuel cells are a clean and quiet form of power generation that makes electricity without burning fuel. On a basic level, fuel cells generate electricity by combining hydrogen and oxygen to create a chemical reaction. Currently, the hydrogen is sourced from methane (natural gas or biogas). The electron flow from that reaction is then captured as usable power.

Q: Do solid oxide fuel cells consume or discharge water?

A: No. When extracting hydrogen from the methane found in natural gas, solid oxide fuel cells utilize small amounts of water in a closed-loop reaction for a process called “steam methane reformation.” Once the fuel cell is operating, it requires zero input of water and does not discharge any water. In fact, the system actually creates a small amount of water from the hydrogen and ambient oxygen, which is recycled back into the system. This stands in stark contrast to combustion-based onsite power options that are often burdensome on local water supplies.

Q: So fuel cells use natural gas?

A: Fuel cells do not use natural gas as a fuel, but rather as a carrier of hydrogen. In today’s economy, as technology for extracting geologic hydrogen advances, the only viable source of hydrogen is the methane found in natural gas (CH₄).

Q: What happens to the methane after it is used by the fuel cell?

A: The methane (CH₄) reacts with steam (H₂O) and is separated into hydrogen (H₂) – which is used for the electrochemical reaction that produces electricity – and carbon dioxide.

Q: What fumes, exhaust or other emissions do the fuel cells produce?

A: The only byproducts of fuel cell electric generation are carbon dioxide (CO₂) and water.

Q: Are fuel cells a new technology?

A: No. Fuel cells were invented in the 1800s. Solid oxide fuel cells are a proven technology widely adopted by customers with high sustainability and reliability needs across the country and around the world, including many hospitals, universities, manufacturers, retailers, telecom sites, utilities and data centers.

Q: What are the benefits of using fuel cells to help power Deep Green’s proposed data center?

A: First, on-site fuel cells reduce Deep Green’s dependence on the electric grid. Second, the heat from the fuel cells will also be redirected into the Lansing Board of Water & Light steam and hot water utility network, reducing the use of natural gas to heat the water (and related emissions from burning fossil fuel) while lowering costs to downtown customers. Third, because non-combustion fuel cells emit virtually no criteria pollutants and do not consume or discharge water, they will not impact local air quality or water resources in contrast to combustion-based generation.

Q: Where have solid oxide fuel cells been deployed previously?

A: Fuel cells are deployed across the country and world, powering sites ranging from businesses and schools to critical facilities like hospitals. Bloom Energy, for example, is one of the country’s largest fuel cell manufacturers and has 1,600 customer installations in over a dozen states and nine countries worldwide.

Q: Are solid oxide fuel cells more efficient than other forms of power generation?

A: Yes. Fuel cells turn fuel into electricity more directly and efficiently than combustion systems, converting roughly 50-66% of the fuel’s energy into electricity when measured using the LHV (lower heating value) standard. For comparison, combustion turbines and engines typically achieve LHV efficiency of 30-40%.

Q: What makes fuel cells more efficient than using combustion to generate electricity?

A: Combustion sources are inefficient in comparison because they must first convert chemical energy to thermal energy by burning fuel, then convert thermal energy into mechanical energy, and finally convert mechanical energy into electricity. Fuel cells, on the other hand, use an electrochemical process to convert the hydrogen found in natural gas directly to electrical energy. They have no moving parts other than a small fan, allowing them to operate quietly, reliably, and efficiently.

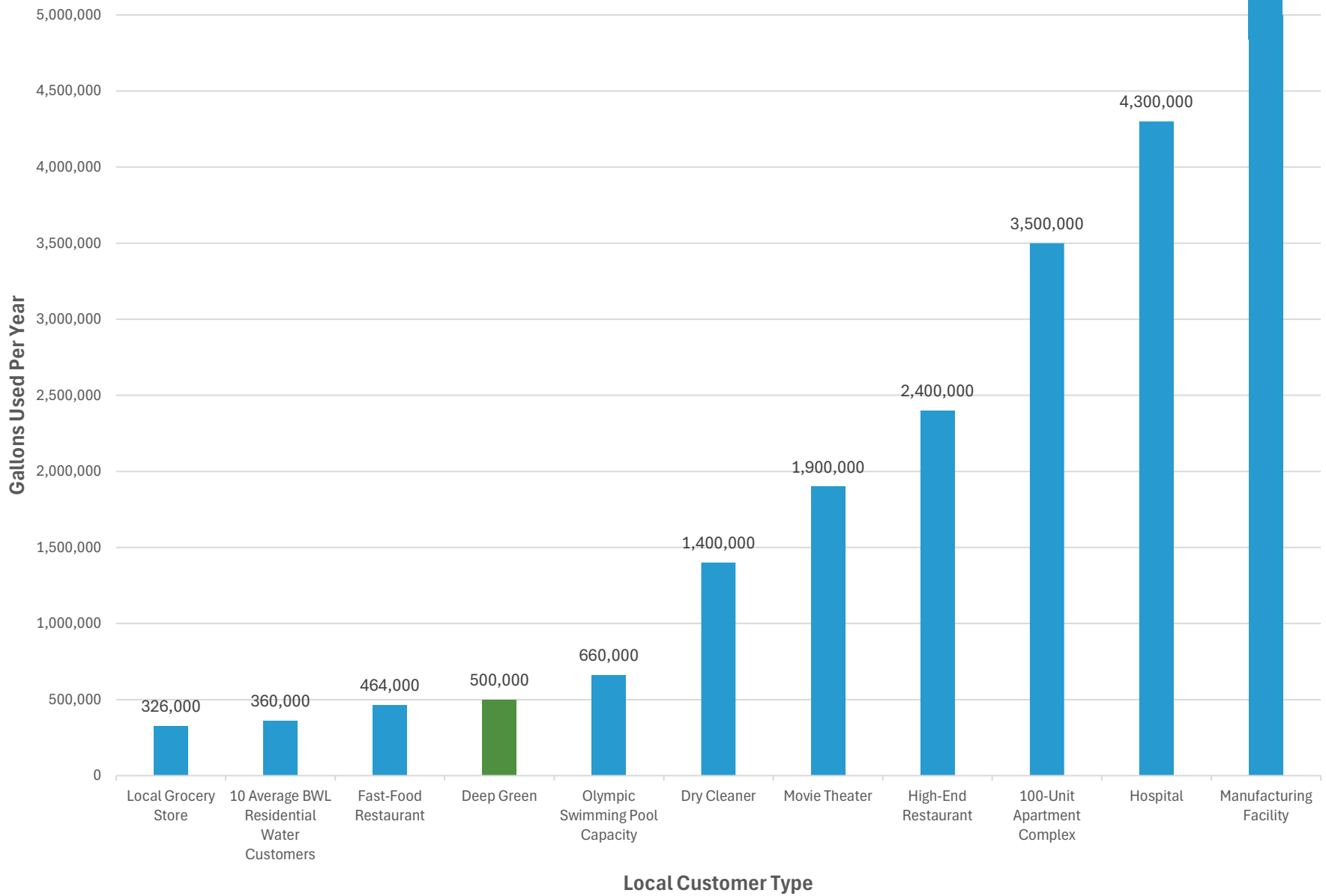
Q: Do fuel cells produce a significant amount of noise?

A: No. Fuel cells are very quiet thanks to the fact they create electricity using a chemical reaction. You can easily have a conversation standing right next to them. The fuel cells will be housed in an enclosure that will further attenuate the sound.

Q: Are fuel cells a cleaner technology than combustion power?

A: Yes. Compared to the energy supplied by the regional electric grid, fuel cells reduce SO₂ and NO_x emissions by over 99.5% and CO₂ emissions by nearly 50%. This calculation is made using the EPA’s eGRID database to compare solid oxide fuel cells to the MISO non-baseload “marginal” generation unit.

BWL Annual Water Usage Comparison (FY25)



From: [Smiljana Williams](#)
To: [City Council](#); [Boak, Sherrie](#)
Cc: [Dick Peffley](#)
Subject: [EXTERNAL] Follow-up to City Council Meeting Questions
Date: Friday, February 20, 2026 5:10:37 PM
Attachments: [Water Usage Comparison Deep Green FY25.pdf](#)

City Council,

During the Deep Green's presentation at the February 9, 2026, Council meeting, Councilmember Nevarez Martinez inquired about two points and asked that the Lansing Board of Water & Light (BWL) follows up with a response:

1. Deep Green's energy usage
2. If Deep Green would use as much water as 40% of City of Lansing households

Because Deep Green is most appropriate to provide accurate energy usage information, we defer to them to provide this information. Deep Green intends to provide a response to this question when they provide a response to the council with the remaining of their action items from the February 9, 2026, meeting.

As for the water usage, Councilmember Nevarez Martinez also inquired if Deep Green would use as much water as 40% of City of Lansing households. Deep Green's estimated annual water usage is 500,000 gallons of water per year, which is also equal to approximately 15 homes or a small restaurant in Lansing. BWL averages 18 million gallons of water per day to customers, which includes residential and wholesale customers. Even using a conservative estimate that half of BWL's daily pumpage goes to City of Lansing residents, that's 9 million gallons per day. This number alone shows that Deep Green would not come close to using what 40% of Lansing households use.

Attached is an annual water usage comparison graph for Deep Green and some identified residential, business, and industrial customers in the Greater Lansing Area that you may find helpful.

Thank you,
Dick

New Articles of Association

of

Deep Green Technologies Limited

Company number: 13601125

Company limited by shares

(Adopted by a special resolution passed on 19 December 2023)

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THE COMPANIES ACT 2006
COMPANY LIMITED BY SHARES

NEW

ARTICLES OF ASSOCIATION

OF

DEEP GREEN TECHNOLOGIES LIMITED

(Adopted by a special resolution passed on 19 December 2023)

1. Introduction

1.1 The model articles for private companies limited by shares contained or incorporated in Schedule 1 to the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles (the "**Model Articles**") shall apply to the Company, save insofar as they are varied or excluded by, or are inconsistent with, the following Articles.

1.2 In these Articles and the Model Articles any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension of or to such statutory provision for the time being in force.

1.3 In these Articles:

- (a) Article headings are used for convenience only and shall not affect the construction or interpretation of these Articles;
- (b) words denoting the singular include the plural and vice versa and reference to one gender includes the other gender and neuter and vice versa;
- (c) Articles 8(2), 9(4), 10(3), 11(2), 13, 14, 17(2), 17(3), 19, 21, 26(5), 30(5) to (7) (inclusive), 36, 44(4), 51, 52 and 53 of the Model Articles shall not apply to the Company;
- (d) Articles 52 to 62 (inclusive) and 73 of the model articles for public companies contained or incorporated in Schedule 3 to the Companies (Model Articles) Regulations 2008 (SI 2008/3229) shall apply mutatis mutandis to the Company (notwithstanding that it is not a public limited company);
- (e) in the event of any Bonus Issue or Reorganisation, the Preference Amount and the Series B Preference Amount and the Series C Preference Amount, as applicable, shall be adjusted as determined by the Board with Investor Director Consent equitably so as to ensure that each Shareholder is in no better or worse position (with respect to each Share held) as a result of such Bonus Issue or Reorganisation provided that if a doubt or dispute arises concerning such adjustment, the Board shall, if requested by the Investor Majority, refer the matter to the Auditors (or such independent firm of accountants as the Board may decide) whose determination shall, in the absence of manifest error, be final and binding on the Company and each of the Shareholders (and the costs of the Auditors (or such independent firm of accountants) shall be borne by the Company);
- (f) reference to "**issued Shares**" of any class shall exclude any Shares of that class held as Treasury Shares from time to time, unless stated otherwise;
- (g) reference to the "**holders**" of Shares or a class of Share shall exclude the Company holding Treasury Shares from time to time, unless stated otherwise;

- (h) reference to the **"transfer"** of a Share includes:
 - (i) the transfer or assignment of a beneficial or other interest in that Share or the creation of a trust or Encumbrance over that Share, or in each case of a beneficial or other interest in a Share; and
 - (ii) the transfer of Shares pursuant to a merger or scheme of arrangement and any provision of such merger or scheme of arrangement by which a Shareholder thereby ceases to be interested in shares in the Company (or any surviving or successor entity to such Shareholder) (whether by way of cancellation or otherwise),

and the terms **"transferring"**, **"transferor"** and other derivatives shall be construed accordingly;

- (i) the words **"include"**, **"including"** and **"in particular"** are to be construed as being by way of illustration or emphasis only and are not to be construed so as to limit the generality of any words preceding them;
- (j) references to **"bankruptcy"**, **"liquidation"**, and **"administrative receivership"** shall have the meanings given to such terms under English law and shall also be deemed to include any similar or analogous status or concept under any other law (and, in which case, in the event of any dispute or ambiguity, the meaning of any such term shall, for the purposes of interpreting these Articles, be determined by the Board whose determination shall be final and binding);
- (k) a person shall be deemed not to have ceased to be (or to have given or received notice to terminate their employment or consultancy as) an Employee if upon cessation of such employment or consultancy they nevertheless continue as an Employee in some other capacity (including if their employment is terminated and they thereafter continue as a non-executive director);
- (l) with respect to provisions of these Articles concerning Employee Shares and Employees, the term **"consultancy"** includes services as a non-executive director (other than as an Investor Director) and the term **"consultant"** and other derivatives shall be construed accordingly; and
- (m) an Employee who is a Director and a Leaver shall be excluded from the Board for the purposes any decision or determination under Article 17 (*Departing Employee*) and the related definitions.

1.4 In respect of any actions or matters requiring or seeking the acceptance, approval, agreement, consent or words having similar effect of any Employee or Ordinary Shareholder under these Articles, if at any time there are any Restricted Members and/or Restricted Shares, such Restricted Members and/or Restricted Shares shall be disregarded. If no voting Employee or Ordinary Shareholders remain, such acceptance, approval, agreement or consent shall not be required.

1.5 In respect of any actions or matters requiring or seeking the acceptance, approval, agreement, consent or words having similar effect of an Investor Director under these Articles, if at any time an Investor Director has not been appointed or an Investor Director declares in writing to the Company and the Investors that they consider that providing such consent gives rise or may give rise to a conflict of interest to their duties as a Director, such action or matter shall require an Investor Majority Consent.

2. **Definitions**

In these Articles the following words and expressions shall have the following meanings:

"Accepting Tag Shareholder" has the meaning given in Article 18.6 (*Tag-along*);

"Act" means the Companies Act 2006 (as amended from time to time);

"Acting in Concert" has the meaning given to it in The City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended from time to time);

"Allocation Notice" has the meaning given in Article 14.9 (*Completion of transfer of Sale Shares*);

"Applicant" has the meaning given in Article 14.9 (*Completion of transfer of Sale Shares*);

"Appointor" has the meaning given in Article 21.1 (*Alternate Directors*);

"Arrears" means in relation to any Share, all arrears of declared and/or accrued but unpaid dividends on that Share;

"Asset Sale" means the disposal by the Company of all or substantially all of its undertaking and assets (where disposal may include the grant by the Company of an exclusive licence of intellectual property not entered into in the ordinary course of business);

"Associate" in relation to any person means:

- (a) any person who is an associate of that person (and the question of whether a person is an associate of another is to be determined in accordance with section 435 of the Insolvency Act 1986); and (whether or not an associate as so determined);
- (b) any member of the same Group; and
- (c) any member of the same Fund Group;

"Auditors" means the auditors of the Company from time to time (or if none are appointed the accountants of the Company from time to time);

"Available Profits" means profits available for distribution within the meaning of Part 23 of the Act;

"Bad Leaver" means a Leaver who:

- (a) became:
 - (i) a Leaver as a consequence of that person's dismissal or termination as an Employee for gross misconduct, fraud, dishonesty or being convicted of any criminal offence (other than a road traffic offence which is not punishable by a custodial sentence) or any grounds which entitle the Company to summarily dismiss or immediately terminate the Employee's employment, office, consultancy or engagement as an Employee (other than where that dismissal is found by a tribunal or court of competent jurisdiction, to be unfair or wrongful); or
 - (ii) a Leaver as a consequence of that person's resignation as an Employee at any time during the period starting on the Commencement Date and ending 12 months from the Commencement Date (or 12 months from the start date of such Leaver's employment), except in circumstances which constitute a constructive dismissal; or
- (b) after becoming a Leaver, commits a material breach of any non-compete obligations owed to the Company under the Shareholders' Agreement or under such person's terms of engagement or employment as an Employee or otherwise, even if such person did become a Leaver by reason of being a Bad Leaver on their Effective Termination Date;

"Board" means the board of Directors (or any committee of the board of Directors constituted for the purpose of taking any relevant action or decision);

"Bonus Issue" or "Reorganisation" means any return of capital, bonus issue of shares or other securities of the Company by way of capitalisation of profits or reserves (other than a capitalisation issue in substitution for or as an alternative to a cash dividend which is made available to the Series A Shareholders) or any consolidation or sub-division or any variation in the conversion rate applicable to any other outstanding shares of the Company in each case other than shares issued as a result of the events set out in Article 11.5 (*Pre-emption rights in respect of new shares and other securities*);

"Business Day" means a day on which English clearing banks are ordinarily open for the transaction of normal banking business in the City of London (other than a Saturday or Sunday);

"Called Securities Holder" has the meaning given in Article 19.5 (*Drag-along*);

"Called Shareholder" has the meaning given in Article 19.1 (*Drag-along*);

"Called Shares" has the meaning given in Article 19.2 (*Drag-along*);

"Capitalised Sum" has the meaning given in Article 29.1 (*Authority to capitalise and appropriation of capitalised sums*);

"Catch Up Amount" means an amount per Share which is equivalent to the amount per Series A Share as that received by the Series A Shareholders pursuant to Article 5.1(b);

"CEO Director" has the meaning given in Article 22.2 (*Appointment of Directors*);

"Civil Partner" means in relation to a Shareholder, a civil partner (as defined in the Civil Partnership Act 2004) of the Shareholder;

"Commencement Date" means the Date of Adoption;

"Common Liabilities" has the meaning given in Article 19.6 (*Drag-along*);

"Company" means Deep Green Technologies Limited (registered number 13601125);

"Continuing Shareholders" has the meaning given in Article 14.8 (*Transfers: Offer*);

"Contribution Obligations" has the meaning given in Article 19.6 (*Drag-along*);

"Controlling Interest" means interests in shares giving to the holder (or holders) of such interests control of the Company within the meaning of section 1124 of the CTA 2010;

"CTA 2010" means the Corporation Tax Act 2010;

"Date of Adoption" means the date on which these Articles were adopted;

"Deferred Shares" means deferred shares of £0.0000005 each in the capital of the Company from time to time;

"Director(s)" means a director or directors of the Company from time to time;

"Disqualifying Event" has the meaning given in Article 16.1 (*Compulsory transfers – general*);

"Disqualifying Event Notice" has the meaning given in Article 16.1 (*Compulsory transfers – general*);

"Disqualifying Event Transfer" has the meaning given in Article 16.1 (*Compulsory transfers – general*);

"Disqualifying Event Transfer Documents" has the meaning given in Article 16.1 (*Compulsory transfers – general*);

"Drag Along Notice" has the meaning given in Article 19.2 (*Drag-along*);

"Drag Along Option" has the meaning given in Article 19.1 (*Drag-along*);

"Drag Completion Date" has the meaning given in Article 19.8 (*Drag-along*);

"Drag Consideration" has the meaning given in Article 19.4 (*Drag-along*);

"Drag Documents" has the meaning given in Article 19.8 (*Drag-along*);

"Drag Purchaser" has the meaning given in Article 19.1 (*Drag-along*);

"Dragged Share Sale" has the meaning given in Article 19.1 (*Drag-along*);

"Effective Termination Date" means the date on which the Leaver's employment, directorship, or consultancy terminates;

"electronic address" has the same meaning as in section 333 of the Act;

"electronic form" and **"electronic means"** have the same meaning as in section 1168 of the Act;

"Eligible Director" means a Director who would be entitled to vote on a matter had it been proposed as a resolution at a meeting of the Board;

"Employee" means an individual who is employed by, or who provides consultancy services to, the Company or any member of the Company's Group;

"Employee Shares" in relation to an Employee (or Leaver) means all Shares (other than Series B Shares) held by:

- (a) the Employee (or Leaver) in question; and
- (b) any Permitted Transferee of that Employee (or Leaver) other than those Shares held by those persons that an Investor Majority declares itself satisfied were not acquired directly or indirectly from the Employee (or Leaver) or by reason of that person's relationship with the Employee (or Leaver);

"Encumbrance" means any mortgage, charge, security, interest, lien, pledge, assignment by way of security, equity, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including any retention of title claim), conflicting claim of ownership or any other encumbrance of any nature whatsoever (whether or not perfected other than liens arising by operation of law);

"Equity Securities" has the meaning given in sections 560(1) to (3) inclusive of the Act and for the avoidance of doubt an allotment of Equity Securities includes a transfer of shares which immediately before such transfer were held by the Company as Treasury Shares;

"Equity Shares" means the Series A Shares and the Ordinary Shares;

"Excess Sale Shares" has the meaning given in Article 14.8 (*Transfers: Offer*);

"Exercise Documents" has the meaning given in Article 19.2 (*Drag-along*);

“**Expert Valuer**” has the meaning given in Article 15.1 (*Valuation of Shares*);

“**Fair Value**” is as determined in accordance with Article 15 (*Valuation of Shares*);

“**Family Group**” means, as regards any individual (whether living or deceased) (a “**Principal**”):

- (a) such Principal;
- (b) the Privileged Relations of such Principal;
- (c) the Trustee(s) of any Family Trust(s) under which no immediate beneficial interest in any of the shares in question is for the time being vested in any person other than the Principal and/or their Privileged Relations; and
- (d) the Qualifying Companies of such Principal,

(and, in each case, with respect to the holding of interests in Shares, any nominee or custodian of such Principal) and the term “**member of the same Family Group**” shall be construed accordingly;

“**Family Trusts**” means as regards any particular individual member or deceased or former individual member, trusts (whether arising under a settlement, declaration of trust or other instrument by whomsoever or wheresoever made or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the shares in question is for the time being vested in any person other than the individual and/or Privileged Relations of that individual; and so that for this purpose a person shall be considered to be beneficially interested in a share if such share or the income from such share is liable to be transferred or paid or applied or appointed to or for the benefit of such person or any voting or other rights attaching thereto are exercisable by or as directed by such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person or persons;

“**Financial Year**” has the meaning given in section 390 of the Act;

“**Founder**” means Mark Bjornsgaard;

“**Fund Group**” means, as regards any fund, limited, general or other partnership, company, investment trust, unit trust, investment company or collective investment scheme (as defined by the Financial Services and Markets Act 2000) or other entity (excluding any Qualifying Company or Family Trust) whose principal business is to make investments, including in securities, or whose business is managed by a Fund Manager (an “**Investment Fund**”):

- (a) such Investment Fund;
- (b) any participant or partner in or member of any such Investment Fund or the holders of any unit trust which is a participant or partner in or member of any Investment Fund (but in each case only in connection with the dissolution of the Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund in the ordinary course of business);
- (c) any other Investment Fund whose business is managed or advised by such Fund Manager or by a member of the same Group as such Investment Fund or Fund Manager;
- (d) a member of the same Group as such Investment Fund or Fund Manager; and
- (e) any trustee, nominee or custodian of such Investment Fund and vice versa,

(and, in each case, with respect to the holding of interests in Shares, any nominee or custodian of such interests in Shares) and the term “**member of the same Fund Group**” shall be construed accordingly;

“**Fund Manager**” means a person whose principal business is to make, manage or advise upon investments in securities;

“**Good Leaver**” means a Leaver who is not a Bad Leaver or Intermediate Leaver and shall include when the Board (including Investor Director Consent) determines that a person is a Good Leaver;

“**Group**” means, as regards any undertaking (as defined in section 1161(1) of the Act) (other than a Qualifying Company) (a “**Principal Undertaking**”):

- (a) such Principal Undertaking;
- (b) each Parent Undertaking of such Principal Undertaking; and
- (c) each Subsidiary Undertaking of (i) such Principal Undertaking or (ii) any Parent Undertaking of such Principal Undertaking,

(and in each case, with respect to the holding of interests in Shares, any nominee or custodian of such interests in Shares) and the term “**member of the same Group**” shall be construed accordingly;

“**Growth Lowest Threshold Shares**” means the tranche of Growth Shares to which the Lowest Threshold Amount applies;

“**Growth Second Threshold Shares**” means the tranche of Growth Shares to which the Second Threshold Amount applies;

“**Growth Highest Threshold Shares**” means the tranche of Growth Shares to which the Highest Threshold Amount applies;

“**Growth Shares**” means the Ordinary C Shares of £0.0000005 each designated as such with the rights described in these Articles and which may be issued in tranches having attached to them different Threshold Amounts;

“**hard copy form**” has the same meaning given in section 1168 of the Act;

“**Highest Threshold Amount**” means at any time the highest of all the Threshold Amounts applicable across all tranches of Growth Shares then in issue;

“**Holding Company Notice**” has the meaning given in Article 30.4 (*New Holding Company*);

“**Holding Company Reorganisation**” means any transaction involving the issue of shares in the capital of a New Holding Company to the Shareholders, the object or intent of which is to interpose the New Holding Company as the sole owner of the Company such that immediately subsequent to such transaction:

- (a) the membership, pro rata shareholdings and classes of shares comprised in the New Holding Company is substantially the same as that of the Company (excluding Treasury Shares) immediately prior to such transaction (save for the fact that such shares are issued by a different company);
- (b) the rights attaching to each class of share comprised in the New Holding Company are substantially the same as those rights attaching to the like class of share comprised in the share capital of the Company immediately prior to such transaction (save for the fact that such shares are issued by a different company and/or in a different jurisdiction with attendant differences in company law); and

- (c) the constitutional documents of the New Holding Company are the same in substantive effect as the articles of association of the Company immediately prior to such acquisition (save for the fact that they apply in respect of a different company, and as to matters and modifications to reflect that the New Holding Company may be incorporated in a jurisdiction other than England and Wales);

"Initial Sale Share Entitlement" has the meaning given in Article 14.8 (*Transfers: Offer*);

"Instrument of Transfer" means a stock transfer form or any other transfer document in either hard copy form or electronic form, in either case in any usual form or in any other form which the Board may approve;

"Interested Director" has the meaning given in Article 25.5 (*Terms and conditions of Board authorisation*);

"Intermediate Leaver" means a Leaver as a consequence of that person's resignation as an Employee (without Investor Majority Consent) at any time during the Relevant Period (unless that Leaver qualifies as a Bad Leaver as a result of limb (b) of that definition), except in circumstances which constitute a constructive dismissal;

"Investor Director" has the meaning given in Article 22.3 (*Appointment of Directors*);

"Investor Director Consent" means the prior written consent of at least one of the Investor Directors;

"Investor Majority" means the holders of at least 50 per cent. of Series A Shares from time to time;

"Investor Majority Consent" means the prior written consent of the Investor Majority;

"Investor Observer" has the meaning given in Article 22.3 (*Appointment of Directors*);

"Investors" means (i) each holder of Series A Shares and (ii) each Permitted Transferee of a Series A Shareholder holding Series A Shares;

"IPO" means the admission of all or any of the Shares or securities representing those shares (including depository interests, American depository receipts, American depository shares and/or other instruments) on the New York Stock Exchange, NASDAQ or on the Official List of the United Kingdom Financial Conduct Authority or the AIM Market operated by the London Stock Exchange Plc or any other recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000);

"ITEPA" means Income Tax (Earnings and Pensions) Act 2003;

"Leaver" means an Employee or Director who ceases to be an Employee or Director (for whatever reason) without becoming or remaining an employee or director of any member of the Group;

"Leaver's Percentage" means, in relation to and for the purposes of determining the number of Employee Shares that are required (pursuant to Article 17 (*Departing Employee*)) to be converted into Deferred Shares as a result of a Good Leaver ceasing to be an Employee, the percentage (rounded to the nearest two decimal places) calculated as follows:

In respect of Series C Shares:

$$\text{Leaver's Percentage} = 50 - ((1/36 \times 50) \times \text{NM}),$$

where NM = the number of full calendar months elapsed from the Commencement Date to the Effective Termination Date, such that the Leaver's Percentage shall be zero on the first day of the 37th calendar month after the Commencement Date and thereafter;

In respect of Ordinary B1 Shares:

$$\text{Leaver's Percentage} = 100 - ((1/36 \times 100) \times \text{NM}),$$

where NM = the number of full calendar months elapsed from the Commencement Date to the Effective Termination Date, such that the Leaver's Percentage shall be zero on the first day of the 37th calendar month after the Commencement Date and thereafter;

In respect of Ordinary B2 Shares:

$$\text{Leaver's Percentage} = 50 - ((1/36 \times 50) \times \text{NM}),$$

where NM = the number of full calendar months elapsed from the Commencement Date to the Effective Termination Date, such that the Leaver's Percentage shall be zero on the first day of the 37th calendar month after the Commencement Date and thereafter;

In respect of Ordinary C1 Shares:

$$\text{Leaver's Percentage} = 75 - ((1/36 \times 75) \times \text{NM}),$$

where NM = the number of full calendar months elapsed from the date of issue of the relevant Ordinary C1 Shares to the Effective Termination Date, such that the Leaver's Percentage shall be zero on the first day of the 37th calendar month after the date of issue of the relevant Ordinary C1 Shares and thereafter;

In respect of Ordinary C2 Shares:

$$\text{Leaver's Percentage} = 100 - ((1/36 \times 100) \times \text{NM}),$$

where NM = the number of full calendar months elapsed from the date of issue of the relevant Ordinary C2 Shares to the Effective Termination Date, such that the Leaver's Percentage shall be zero on the first day of the 37th calendar month after the date of issue of the relevant Ordinary C2 Shares and thereafter;

"Lowest Threshold Amount" means at any time the lowest of all of the Threshold Amounts that are applicable across all tranches of Growth Shares then in issue;

"Major Investors" means the Investor and the Founder (provided the Founder holds at least 20 per cent. of the Shares at the relevant time);

"New Growth Share Plan" has the meaning given to it in the Subscription and Shareholders' Agreement;

"New Holding Company" means a holding company of the Company newly incorporated in any jurisdiction which has no previous trading history and has resulted from a Holding Company Reorganisation;

"New Securities" means any shares in the capital of the Company or Relevant Securities granted or issued (or to be granted or issued) by the Company after the Date of Adoption (other than those granted or issued as a result of the events set out in Article 11.5 (*Pre-emption rights in respect of new shares and other securities*)) and the term **"New Security"** shall be construed accordingly;

"New Shareholder" has the meaning given in Article 19.12 (*Drag-along*);

"Non-Cash Consideration" has the meaning given in Article 5.4 (*Liquidation Preference*);

"Non-Investor Director" means any Director (other than an Investor Director);

"Offer Period" has the meaning given in Article 14.8 (*Transfers of Shares subject to pre-emption rights*);

"Ordinary B1 Shares" means the ordinary B1 shares of £0.0000005 each in the capital of the Company from time to time;

"Ordinary B2 Shares" means the ordinary B2 shares of £0.0000005 each in the capital of the Company from time to time;

"Ordinary B Shares" means the Ordinary B1 Shares and the Ordinary B2 Shares;

"Ordinary C1 Shares" means the non-voting Ordinary C1 shares of £0.0000005 each in the capital of the Company from time to time;

"Ordinary C2 Shares" means the non-voting Ordinary C2 shares of £0.0000005 each in the capital of the Company from time to time;

"Ordinary C Shares" means the Ordinary C1 Shares and the Ordinary C2 Shares (also referred to as **"Growth Shares"**);

"Ordinary Shareholders" means the holders from time to time of the Ordinary Shares (but excludes the Company holding Treasury Shares);

"Ordinary Shares" means together the Ordinary B Shares and the Ordinary C Shares;

"Original Shareholder" has the meaning given in Article 13.1 (*Permitted Transfers*);

"Other Seller" has the meaning given in Article 14.8 (*Transfers of Shares subject to pre-emption rights*);

"Permitted Transfer" means a transfer of Shares in accordance with Article 13 (*Permitted Transfers*);

"Permitted Transferee" means:

- (a) in relation to any member of a Family Group, any other member of that Family Group;
- (b) in relation to an undertaking (as defined in section 1161(1) of the Act) (other than a Qualifying Company) means any member of the same Group;
- (c) in relation to an Investment Fund (other than a Qualifying Company) means any other member of the same Fund Group; and
- (d) in relation to an Investor:
 - (i) any member of the same Group;
 - (ii) any member of the same Fund Group; and
 - (iii) any nominee or custodian of the Investor;

"Post-Reorganisation Shareholder" has the meaning given in Article 30.3 (*New Holding Company*);

"Pre-Emption Waiver" has the meaning given in Article 30.5 (*New Holding Company*);

"Preference Amount" means, in respect of a Series A Share, the amount of money subscribed for that Series A Share (whether in respect of nominal amount or share premium) (if applicable, adjusted as referred to in Article 1.3(e) (*Introduction*)) together with a sum equal to any Arrears;

"Primary Holder" has the meaning given in Article 26.8;

"Prior Permitted Transferee" has the meaning given in Article 13.7 (*Notices*);

"Privileged Relation" in relation to a Shareholder who is an individual member or deceased or former member means a spouse, Civil Partner, child or grandchild (including a step or adopted or illegitimate child and their issue);

"Proceeds Of Sale" means the consideration payable (including any deferred and/or contingent consideration) whether in cash or otherwise to those Shareholders selling (or otherwise transferring) Shares under a Share Sale less any fees, costs and expenses payable in respect of such Share Sale as approved by the Selling Shareholders;

"Proposed Reorganisation" has the meaning given in Article 30.1 (*New Holding Company*);

"Proposed Seller" means any person proposing to transfer any shares in the capital of the Company;

"Qualifying Company" means, as regards any individual, a company the entire issued share capital of which is held (legally and beneficially) by such individual (together with their Privileged Relations and Family Trusts) and over which that individual exercises control (within the meaning of section 1124 of the CTA 2010);

"Relevant Interest" has the meaning given in Article 25.5 (*Terms and conditions of Board authorisation*);

"Relevant Period" means:

- (a) in respect of a holder of Ordinary B Shares or Series C Shares, the period from the Commencement Date until 60 months from the Commencement Date; and
- (b) in respect of a holder of Growth Shares, the period from the date of issue of those Growth Shares until 60 months from that date;

"Relevant Security" means any security, option, warrant, agreement or instrument which confers any right to subscribe for any share(s) in the capital of the Company (and the term **"Relevant Securities"** shall be construed accordingly);

"Reorganisation Actions" has the meaning given in Article 30.1 (*New Holding Company*);

"Restricted Member" has the meaning given in Article 17.5 (*Suspension of voting rights*);

"Restricted Shares" has the meaning given in Article 17.6 (*Suspension of voting rights*);

"Re-transfer Period" has the meaning given in Article 13.7 (*Permitted Transfers*);

"Re-transfer Shares" has the meaning given in Article 13.7 (*Permitted Transfers*);

"Sale Agreement" has the meaning given in Article 19.2 (*Drag-along*);

"Sale Information" has the meaning given in Article 19.2 (*Drag-along*);

"Sale Shares" has the meaning given in Article 14.2 (*Transfers of Shares subject to pre-emption rights*);

"Second Threshold Amount" means the Threshold Amount applicable to a tranche of Growth Shares which has the lowest Threshold Amount which is next greater than the Lowest Threshold Amount;

"Seller" has the meaning given in Article 14.2 (*Transfers of Shares subject to pre-emption rights*);

"Sellers' Shares" has the meaning given in Article 19.1 (*Drag-along*);

"Selling Shareholder" has the meaning given in Article 19.1 (*Drag-along*);

"Series A Shareholders" means the holders of the Series A Shares (but excludes the Company holding Treasury Shares).

"Series A Shares" means the series A shares of £0.0000005 each in the capital of the Company from time to time.

"Series B Shareholders" means the holders of the Series B Shares (but excludes the Company holding Treasury Shares);

"Series B Shares" means the series B shares of £0.0000005 each in the capital of the Company from time to time;

"Series C Shares" means the series C shares of £0.0000005 each in the capital of the Company from time to time;

"Share Sale" means the sale or transfer of any of the existing shares in the capital of the Company (in one transaction or as a series of transactions) which will result in the acquirer of those shares and persons Acting in Concert with them together acquiring a Controlling Interest in the Company, except where following completion of the sale or transfer the shareholders and the proportion of shares held by each of them are the same as the shareholders and their shareholdings in the Company immediately prior to the sale or transfer;

"Shareholder" means any holder of any Shares (but excludes the Company holding Treasury Shares);

"Shareholders Entitled" has the meaning given in Article 29.1;

"Shares" means the Ordinary Shares, Deferred Shares, the Series B Shares and the Series A Shares from time to time;

"Significant Profits" has the meaning given in Article 4.9 (*Special Dividend*);

"Significant Transaction" means any transaction or series of transactions involving a transfer or licensing of some or all of the rights in relation to some or all of the assets of the Company, including licensing agreements and business and asset sale and purchase agreements pursuant to which the net payment(s) to the Company is an amount at least equal to 25% of the net asset value of the Company at the relevant time;

"Special Dividend" has the meaning given in Article 4.9 (*Special Dividend*);

"Subscribers" has the meaning given in Article 11.2 (*Pre-emption rights in respect of new shares and other securities*);

"Subscription and Shareholders' Agreement" means the subscription and shareholders' agreement dated the Date of Adoption between, amongst others, the Company and the Investors (as defined in that agreement) (as amended and restated from time to time);

"Subscription Period" has the meaning given in Article 11.2 (*Pre-emption rights in respect of new shares and other securities*);

"Subsidiary", "Subsidiary Undertaking" and "Parent Undertaking" have the respective meanings set out in sections 1159 and 1162 of the Act;

"Surplus Assets" has the meaning given in 5.1 (*Liquidation Preference*);

"Tag Offer" has the meaning given in Article 18.2 (*Tag-along*);

"Tag Offer Period" has the meaning given in Article 18.3 (*Tag-along*);

"Tag Purchaser" has the meaning given in Article 18.1 (*Tag-along*);

"Tag Sale" has the meaning given in Article 18.1(*Tag-along*);

"Tag Sale Notice" has the meaning given in Article 18.3 (*Tag-along*);

"Threshold Amount" means, in respect of any Growth Share the Threshold Amount applicable to that Growth Share as determined and recorded in writing by the Company (with Investor Majority Consent) prior to the date on which such Growth Share is issued;

"Transfer Date" has the meaning given in Article 14.9 (*Completion of transfer of Sale Shares*);

"Transfer Notice" has the meaning given in Article 14.2 (*Transfers of Shares subject to pre-emption rights*);

"Transfer Price" has the meaning given in Article 14.3 (*Transfers of Shares subject to pre-emption rights*);

"Treasury Shares" means shares in the capital of the Company held by the Company as treasury shares from time to time within the meaning set out in section 724(5) of the Act;

"Trustees" in relation to a Shareholder means the trustees of a Family Trust;

"Unvested" means those Employee Shares which may be required to be converted into Deferred Shares or the subject of a Compulsory Transfer Notice under Article 17 (*Departing Employee*) if the relevant Employee were then a Leaver; and

"Voting Shares" means the Series A Shares and the Ordinary B Shares.

3. Share capital

3.1 In these Articles, unless the context requires otherwise, references to shares of a particular class shall include shares allotted and/or issued after the Date of Adoption and ranking *pari passu* in all respects (or in all respects except only as to (a) the date from which those shares rank for dividend and (b) the amount paid up or credited as paid up on each share) with the shares of the relevant class then in issue.

3.2 Except as otherwise provided in these Articles, the Series A Shares, the Series B Shares and the Ordinary Shares shall rank *pari passu* in all respects but shall constitute separate classes of shares.

3.3 The words "and the directors may determine the terms, conditions and manner of redemption of any such shares" shall be deleted from article 22(2) of the Model Articles.

3.4 Subject to Investor Majority Consent and the Act, the Company may purchase its own Shares to the extent permitted by section 692(1ZA) of the Act.

3.5 Paragraph (c) of article 24(2) of the Model Articles shall be amended by the replacement of the words "that the shares are fully paid; and" with the words "the amount paid up on them; and".

3.6 In article 25(2) of the Model Articles, the words "payment of a reasonable fee as the directors decide" in paragraph (c) shall be deleted and replaced by the words "payment of the expenses reasonably incurred by the Company in investigating evidence as the directors may determine".

- 3.7 The Board may by resolution decide, either generally or in any particular case, that any signatures on any share certificates need not be autographic but may be applied to the certificates by some mechanical, electronic or other means or may be printed on them. Article 24(5) of the Model Articles shall be amended accordingly.
- 3.8 For the avoidance of doubt, the Company shall not exercise any right in respect of any Treasury Shares, including any right to:
- (a) receive notice of or to attend or vote at any general meeting of the Company;
 - (b) receive or vote on any proposed written resolution; and
 - (c) receive a dividend or other distribution,
- save as otherwise permitted by section 726(4) of the Act.
- 3.9 The Company shall be entitled to retain any share certificate(s) relating to Employee Shares while any such Shares remain Unvested.
- 3.10 The Company may exercise the powers of paying commissions conferred by section 553 of the Act.
4. **Dividends**
- 4.1 In respect of any Financial Year, the Company's Available Profits will be applied as set out in this Article 4.
- 4.2 Except as otherwise agreed in writing by the Shareholders from time to time, if the Company pays or makes any dividend or distribution, whether in cash or in kind then it shall be made or paid in the following manner:
- (a) for all distributions up to and including the Lowest Threshold Amount, to the holders of Series A Shares and Ordinary B Shares pro rata to the number of Series A Shares and Ordinary B Shares held by them; and
 - (b) for all distributions above the Lowest Threshold Amount, to the holders of:
 - (i) the Series A Shares;
 - (ii) the Ordinary B Shares; and
 - (iii) the Growth Shares (if any) the holders of which would receive any amount of Surplus Assets under Article 5.2 if a distribution were to be made under Article 5 at the relevant time,and in respect of each such Share, the holder shall receive the proportion of the total amount distributed under this Article 4.2(b) which the amount distributable in respect of that Share under Article 5.2 would bear to the total Surplus Assets distributed under Article 5.2 if a distribution were to be made under Article 5 at the relevant time.
- 4.3 The Series B Shares and the Series C Shares shall not confer upon the holder the right to receive any dividend or distribution, whether in cash or in kind except pursuant to Article 5.
- 4.4 Each Growth Share shall not confer upon the holder the right to receive and dividend or distribution, whether in cash or in kind, until the value of all distributions has exceeded the relevant Threshold Amount.
- 4.5 Subject to the Act and these Articles, the Board may, provided Investor Majority Consent is given, pay interim dividends if justified by the Available Profits in respect of the relevant period

- 4.6 If there are nil paid or partly paid share(s), any holder of such share(s) shall only be entitled, in case of any dividend, to be paid an amount equal to the amount of the dividend multiplied by the percentage of the amount that is paid up (if any) on such share(s) during any portion or portions of the period in respect of which a dividend is paid.
- 4.7 In addition to the authority set out in Article 29, a capitalised sum which was appropriated from profits available for distribution (which are not required for the Special Dividend) may be applied in or towards paying up any sums unpaid on existing Shares held by the persons entitled to such capitalised sum.
- 4.8 Article 31(1) of the Model Articles shall be amended by:
- (a) the replacement of the words "either in writing or as the directors may otherwise decide" at the end of paragraphs (a), (b) and (c) of that article 31(1) with the words "in writing"; and
 - (b) the replacement of the words "either in writing or by such other means as the directors decide" from the end of paragraph (d) of that article 31(1) with the words "in writing".

Special Dividend

- 4.9 In the event that the Company has Available Profits as a result of a Significant Transaction (the "**Significant Profits**"), the Company will, with Investor Majority Consent and the approval of the Board in its sole discretion but without any need for a resolution of the Company and before the application of any profits to reserve or for any other purpose, pay in respect of the Equity Shares a dividend (the "**Special Dividend**") for which the aggregate amount is equal to the amount of the Significant Profits that is to be paid within 3 months of a Significant Transaction and distributed as follows:
- (a) first, in distributing to the holders of the Deferred Shares, if any, a total of one penny in aggregate for the entire class of Deferred Shares (which payment shall be deemed satisfied by distribution to any one holder of Deferred Shares);
 - (b) thereafter, in distributing to each of the Series A Shareholders, in priority to the Series B Shares, the Series C Shares and the Ordinary Shares, an amount per Series A Share held equal to the Preference Amount (provided that if there are insufficient Significant Profits to distribute the amounts per Series A Share equal to the Preference Amount for each Series A Share, the remaining Significant Profits shall be distributed to the Series A Shareholders pro rata to their respective aggregate Preference Amount);
 - (c) thereafter, the balance of the Significant Profits (if any) shall be distributed among the holders of:
 - (i) the Ordinary B Shares;
 - (ii) the Series A Shares; and
 - (iii) the Growth Shares (if any) the holders of which would receive any amount of Surplus Assets under Article 5.2 if a distribution were to be made under Article 5 at the relevant time,and in respect of each such Share, the holder shall receive the proportion of the relevant Significant Profits which the amount distributable in respect of that Share under Article 5.2 would bear to the total Surplus Assets distributed under Article 5.2 if a distribution were to be made under Article 5 at the relevant time.
- 4.10 If it is not lawful for the Special Dividend to be paid, the Shareholders shall (to the extent lawful and within their control) take any necessary action reasonably requested by the Investor Majority to enable the Special Dividend to be paid lawfully.

- 4.11 Once the Investor Majority Consent and Board approval is obtained, the Special Dividend will automatically become a debt due from and immediately payable by the Company on the payment date specified in Article 4.9. If and to the extent that the debt so constituted is not paid in full on that date, the unpaid amount will carry interest at an annual rate of 2 per cent. above the base rate from time to time of the Bank of England, calculated on a daily basis over a 365 day year from and including the date any sum becomes due to the actual date of payment, compounded to the end of each calendar month in respect of the period from that date up to (and including) the date of actual payment.
- 4.12 The Company will procure that the profits of any other members of its Group available for distribution will be paid by way of dividend to the Company (or, as the case may be, the relevant member of its Group that is its immediate holding company or Parent Undertaking) if and to the extent that dividends are necessary to permit lawful and prompt payment by the Company of any dividend.
- 4.13 Articles 30(2) and 32 of the Model Articles shall not apply to the Special Dividend.

5. **Liquidation Preference**

- 5.1 On a distribution of assets on a liquidation or a return of capital (other than a conversion, redemption or purchase of Shares) the surplus assets of the Company remaining after payment of or provisioning for its liabilities ("**Surplus Assets**") shall be applied (to the extent that the Company is lawfully permitted to do so):
- (a) first, in distributing to the holders of the Deferred Shares, if any, a total of one penny in aggregate for the entire class of Deferred Shares (which payment shall be deemed satisfied by distribution to any one holder of Deferred Shares);
 - (b) thereafter, in distributing to each of the Series A Shareholders, in priority to the Series B Shares, the Series C Shares, the Ordinary B Shares and the Growth Shares, an amount per Series A Share held equal to the Preference Amount (provided that if there are insufficient Surplus Assets to distribute the amounts per Series A Share equal to the Preference Amount for each Series A Share, the remaining Surplus Assets shall be distributed to the Series A Shareholders on a pro rata basis); and
 - (c) thereafter, in distributing to each of the Series B Shareholders and the Series C Shareholders, in priority to the Ordinary B Shares and the Growth Shares, an amount per Series B Share and Series C Share held equal to the Catch Up Amount (provided that if there are insufficient Surplus Assets to distribute the amounts per Series B Share and Series C Share equal to Catch Up Amount for each Series B Share and each Series C Share, the remaining Surplus Assets shall be distributed to the Series B Shareholders and the Series C Shareholders on a pro rata basis); and
 - (d) thereafter, such amount of the Surplus Assets remaining after the distributions above (if any) shall be distributed in accordance with Article 5.2.
- 5.2 The remaining Surplus Assets shall be distributed as follows:
- (a) if the total Surplus Assets are less than the Lowest Threshold Amount; or there are no Growth Shares in issue at the relevant time, the balance of the remaining Surplus Assets (if any) shall be distributed to the holders of Series A Shares and Ordinary B Shares pro rata to the number of Series A Shares and Ordinary B Shares held; and
 - (b) if the total Surplus Assets are equal to or exceed the Lowest Threshold Amount, then, the Surplus Assets shall first be distributed among to the holders of Series A Shares and Ordinary B Shares pro rata to the number of Series A Shares and Ordinary B Shares held until the total distributions made under Article 5.1 and this Article are equal to the Lowest Threshold Amount; and then

- (c) to the extent the amount of the Surplus Assets is greater than the Lowest Threshold Amount, then the amount of the Surplus Assets (if any, remaining after the distributions above) equal to the difference between the Surplus Assets and the Lowest Threshold Amount, but capped at the amount by which the Second Threshold Amount exceeds the Lowest Threshold Amount (for the avoidance of doubt, if there is no Second Threshold Amount, the remaining amount of Surplus Assets (if any) shall not be capped), shall be distributed:
 - (i) first, in distributing to each of the holders of Growth Lowest Threshold Shares, an amount per Growth Lowest Threshold Share held equal to the Catch Up Amount (provided that if the remaining Surplus Assets is insufficient to distribute the amounts per Share equal to the Catch Up Amount for each Growth Lowest Threshold Share, the remaining Surplus Assets shall be distributed to the holders of Growth Lowest Threshold Shares pro rata to their respective aggregate Catch Up Amounts); and
 - (ii) second, the balance of the remaining Surplus Assets (if any) shall be distributed among the holders of Series A Shares, Ordinary B Shares and Growth Lowest Threshold Shares pro rata to the number of such Shares held; then
- (d) to the extent the amount of the Surplus Assets is greater than the Second Threshold Amount, then the amount of the Surplus Assets (if any, remaining after the distributions above) equal to the difference between the Surplus Assets and the Second Threshold Amount, but capped at the amount by which the Highest Threshold Amount exceeds the Second Threshold Amount (for the avoidance of doubt, if there is no Highest Threshold Amount, the remaining amount of Surplus Assets (if any) shall not be capped), shall be distributed:
 - (i) first, in distributing to each of the holders of Growth Shares with the Second Threshold Amount, an amount per Growth Share (other than a Growth Lowest Threshold Share and a Growth Highest Threshold Share) held equal to the Catch Up Amount (provided that if the remaining Surplus Assets is insufficient to distribute the amounts per Share equal to the Catch Up Amount for each such Share, the remaining Surplus Assets shall be distributed to the holders of such Shares pro rata to their respective aggregate Catch Up Amounts); and
 - (ii) second, the balance of the remaining Surplus Assets (if any) shall be distributed among the holders of Series A Shares, Ordinary B Shares and Growth Shares (other than Growth Highest Threshold Shares) pro rata to the number of such Shares held; then
- (e) to the extent the amount of the Surplus Assets is greater than the Highest Threshold Amount, then the amount of the Surplus Assets (if any, remaining after the distributions above) shall be distributed:
 - (i) first, in distributing to each of the holders of Growth Highest Threshold Share an amount per Growth Share held equal to the Catch Up Amount (provided that if the remaining Surplus Assets is insufficient to distribute the amounts per Share equal to the Catch Up Amount for each such Share, the remaining Surplus Assets shall be distributed to the holders of such Shares pro rata to their respective aggregate Catch Up Amounts); and
 - (ii) second, the balance of the remaining Surplus Assets (if any) shall be distributed among the holders of Series A Shares, Ordinary B Shares and Growth Shares pro rata to the number of such Shares held.

5.3 In the event that any distributions under Articles 5.1 and 5.2 are made on more than one occasion:

- (a) each distribution shall be made in accordance with Articles 5.1 and 5.2 as if it were the only amount to be distributed and without regard to the expected amount of any distributions expected to be made on any further occasions; and
 - (b) a distribution on any further occasion shall be made in accordance with Article 5.1 after taking into account any previous distributions made under 4.2, 5.1 and 5.2.
- 5.4 If any distribution under Articles 5.1 and 5.2 includes any non-cash assets, proceeds or other amounts ("**Non-Cash Consideration**") the cash equivalent value of any such Non-Cash Consideration shall be determined in such manner as the Board (acting reasonably and in good faith and with Investor Majority Consent) may determine.
- 5.5 Where any Special Dividend has been paid on a Series A Share, such amount so paid by way of Special Dividend shall be set off against (and up to the amount of) any amount subsequently payable on that Series A Share under Article 5.1(b) (*Liquidation preference*) and such Series A Shareholder shall only receive under Article 5.1(b) (*Liquidation preference*) the balance (if any) of the Preference Amount in respect of such Series A Share held by that holder.
- 6. Exit Provisions**
- 6.1 On a Share Sale, the Proceeds Of Sale shall be distributed to those Shareholders selling (or otherwise transferring) Shares pursuant to such Share Sale in the order of priority set out in Article 5.1 (*Liquidation preference*) and subject to Articles 5.3 (*Liquidation preference*) and 5.4 (*Liquidation preference*). No Shareholder shall sell (or otherwise transfer) any Shares as part of a Share Sale unless (and the Board shall not register any transfer of Shares pursuant to a Share Sale unless the Board is reasonably satisfied that) the terms of such Share Sale provide that the Proceeds Of Sale are distributed in accordance with Article 5.1 (*Liquidation preference*) to those Shareholders selling or otherwise transferring Shares pursuant to such Share Sale, provided always that if the Proceeds Of Sale are not settled in their entirety upon completion of the Share Sale:
- (a) the Board shall not be prohibited from registering the transfer of the relevant Shares so long as the Proceeds Of Sale that are settled have been (or will, under the terms of the Share Sale, be) distributed in the order of priority set out in Article 5 (*Liquidation preference*); and
 - (b) the Shareholders shall take any action required by the Board to ensure that the Proceeds Of Sale in their entirety are distributed in the order of priority set out in Article 5 (*Liquidation preference*).
- 6.2 On an Asset Sale the Surplus Assets shall be distributed (to the extent that the Company is lawfully permitted to do so) in the order of priority set out in Article 5.1 (*Liquidation preference*) and subject to the provisions of Articles 5.3 (*Liquidation preference*) and 5.4 (*Liquidation preference*), provided always that if it is not lawful for the Company to distribute the Surplus Assets in accordance with the provisions of these Articles, the Shareholders shall take any necessary action reasonably requested by the Board (including actions that may be necessary to put the Company into voluntary liquidation) so that Article 5 (*Liquidation preference*) applies and is given effect.
- 7. Votes in general meeting and written resolutions**
- 7.1 The Series A Shares shall confer on each holder of Series A Shares (in that capacity) the right to receive notice of and to attend, speak and vote at all general meetings of the Company and to receive, vote on and constitute an eligible member for the purposes of proposed written resolutions of the Company.
- 7.2 The Series B Shares shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting of the Company nor to receive or vote on, or otherwise constitute an eligible member for the purposes of, proposed written resolutions of the Company.

- 7.3 The Series C Shares shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting of the Company nor to receive or vote on, or otherwise constitute an eligible member for the purposes of, proposed written resolutions of the Company.
- 7.4 The Ordinary B Shares shall confer on each holder of Ordinary B Shares (in that capacity) the right to receive notice of and to attend, speak and vote at all general meetings of the Company and to receive, vote on and constitute an eligible member for the purposes of proposed written resolutions of the Company.
- 7.5 The Growth Shares shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting of the Company nor to receive or vote on, or otherwise constitute an eligible member for the purposes of, proposed written resolutions of the Company.
- 7.6 The Deferred Shares (if any) shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting of the Company nor to receive or vote on, or otherwise constitute an eligible member for the purposes of, proposed written resolutions of the Company.
- 7.7 On a show of hands each holder of Voting Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy shall have one vote and on a poll each such holder so present shall have one vote for each Voting Share held by them, provided always that this Article 7.7 (*Votes in general meeting and written resolutions*) (is subject to Article 7.8 (*Votes in general meeting and written resolutions*), Article 17.5 (*Suspension of voting rights*)).
- 7.8 No voting rights attached to a Voting Share which is nil paid or partly paid may be exercised:
- (a) at any general meeting, at any adjournment of it or on any poll called at or in relation to it; or
 - (b) on any proposed written resolution,
- unless all of the amounts payable to the Company in respect of that Voting Share have been paid.

8. Consolidation of Shares

Whenever as a result of a consolidation of Shares any Shareholders would become entitled to residual fractions of a Share, the Board may (in its absolute discretion) deal with those residual fractions as they think fit on behalf of those Shareholders. In particular, the Board may aggregate and sell the Shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Act, the Company) and distribute the net proceeds of sale in due proportion among those Shareholders, and the Board may authorise any person to execute an Instrument of Transfer for the Shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall their title to the Shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

9. Deferred Shares

- 9.1 Subject to the Act, all Deferred Shares in issue may be purchased by the Company at any time at its option for a total of one penny in aggregate for all such Deferred Shares (which amount shall be apportioned between the holders of Deferred Shares pro rata as to the number of Deferred Shares held and may be paid to any one or more holders of Deferred Shares on behalf of all holders of Deferred Shares) without obtaining the sanction of the holder(s).
- 9.2 The allotment or issue of Deferred Shares or the conversion or re-designation of Shares into Deferred Shares shall be deemed to confer irrevocable authority on the Company at any time after their allotment, issue, conversion or re-designation, without obtaining the sanction of such holder(s), to:

- (a) appoint any person to execute any transfer (or any agreement to transfer) of such Deferred Shares to such person(s) as the Company may determine (as nominee or custodian or otherwise), including (subject to the Act) to the Company itself, in any such case for a price being not more than an aggregate sum of one penny for all the Deferred Shares registered in the name of such holder(s);
- (b) receive the consideration for such a transfer or purchase (and give a good discharge for it) and hold the same on trust for the transferor(s);
- (c) give, on behalf of such holder(s), consent to the cancellation of such Deferred Shares; and/or
- (d) retain the certificate(s) (if any) in respect of such Deferred Shares pending their transfer, cancellation and/or purchase.

9.3 No Deferred Share may be transferred without the prior consent of the Board.

10. Variation of rights

10.1 Whenever the share capital of the Company is divided into different classes of Shares, the special rights attached to any such class may only be varied or abrogated (either whilst the Company is a going concern or during or in contemplation of a winding-up) with the consent in writing of the holders of a majority of the issued Shares of that class (provided that, if such variation or abrogation treats two or more classes in the same manner, the written consent of the holders of a majority of the issued Shares of such classes (as if such classes constituted one and the same class) shall only be required).

10.2 The creation of a new class of Shares which has preferential rights to one or more existing classes of Shares shall not constitute a variation of the rights of those existing classes of Shares.

10.3 The conversion, reclassification or redesignation of shares from one class of Shares to another class of Shares in accordance with these Articles or the terms of their issue shall not constitute a variation or abrogation of the rights of the converted, reclassified or redesignated Shares and accordingly Article 17 (*Departing Employee*) are not subject to the provisions of this Article 10 (*Variation of rights*).

11. Pre-emption rights in respect of new shares and other securities

11.1 Sections 561(1) and 562(1) to (5) (inclusive) of the Act do not apply to an allotment of Equity Securities made by the Company.

11.2 Unless otherwise approved by Special Resolution (and with Investor Majority Consent), if the Company proposes to allot any New Securities those New Securities shall not be allotted to any person unless the Company has in the first instance offered each Shareholder its pro rata share of the New Securities (the "**Subscribers**") on the same terms and at the same price as those New Securities are being offered to other persons on a pari passu and pro rata basis to the number of Equity Shares held by such Shareholder divided by the number of Equity Shares then in issue (together with any outstanding Relevant Securities then exercisable or convertible into Equity Shares) (as nearly as may be without involving fractions). The offer:

- (a) shall be in writing, be open for acceptance from the date of the offer to the date 10 Business Days after the date of the offer (inclusive) (the "**Subscription Period**") and give details of the number and subscription price of the New Securities and material terms of such offer; and
- (b) may stipulate that any Subscriber who wishes to subscribe for a number of New Securities in excess of the proportion to which each is entitled shall in their acceptance state the number of excess New Securities for which they wish to subscribe.

- 11.3 If, at the end of the Subscription Period, the number of New Securities applied for is equal to or exceeds the number of New Securities being offered to the Subscribers, such New Securities shall be allotted to the Subscribers who have applied for New Securities on a pro rata basis to the number of Equity Shares held by such Subscribers which procedure shall be repeated until all of the New Securities being offered to the Subscribers have been allotted (as nearly as may be without involving fractions or increasing the number allotted to any Subscriber beyond that applied for by them).
- 11.4 If, at the end of the Subscription Period, the number of New Securities applied for is less than the number of New Securities being offered to the Subscribers, the New Securities shall be allotted to the Subscribers in accordance with their applications and any remaining New Securities may be offered to any other person as the Board may determine at the same price and on the same terms as the offer to the Subscribers for a period of up to 60 Business Days.
- 11.5 The provisions of Articles 11.2 (*Pre-emption rights in respect of new shares and other securities*) to 11.4 (*Pre-emption rights in respect of new shares and other securities*) (inclusive) shall not apply to:
- (a) Growth Shares issued pursuant to the New Growth Share Plan in accordance with the terms of the Subscription and Shareholders' Agreement;
 - (b) Shares or Relevant Securities issued or granted by the Company in order for it to comply with its obligations under these Articles;
 - (c) Shares or Relevant Securities issued by the Company in consideration of the acquisition by the Company of any company or business which has been approved in writing by an Investor Majority;
 - (d) Shares or Relevant Securities issued or granted by the Company as a result of a Bonus Issue or Reorganisation which has been approved in writing by an Investor Majority; and
 - (e) Shares or Relevant Securities issued to the Investor in accordance with the terms of the Framework Investment Agreement and Subscription and Shareholders' Agreement or on the conversion of any convertible loan note or other convertible instrument held by the Investor.
- 11.6 Any New Securities offered under this Article 11 (*Pre-emption rights in respect of new shares and other securities*) to the Investor may be accepted in full or part only by (i) that Investor or (ii) a member of the same Fund Group as that Investor's ultimate beneficial owner or (iii) a member of the same Group as that Investor in accordance with the terms of this Article 11 (*Pre-emption rights in respect of new shares and other securities*).
- 11.7 Save with the express approval of the Board, no Shares shall be allotted (nor any Treasury Shares be transferred) to any Employee, Director, prospective Employee or prospective director of the Company or any member of the Company's Group, who in the opinion of the Board is subject to taxation in the United Kingdom (and/or, if so determined by the Board, any other jurisdiction), unless such person has entered into a joint section 431 ITEPA election with the Company or any member of the Company's Group (as applicable) (and/or, if so determined by the Board in respect of any other jurisdiction, any comparable foreign tax election concerning the foreign tax treatment of such Shares).
- 12. Transfers of Shares – general**
- 12.1 In Articles 12 (*Transfers of Shares – general*) to 19 (*Drag-along*) (inclusive), reference to the transfer of a Share includes the transfer or assignment of a beneficial or other interest in that Share or the creation of a trust or Encumbrance over that Share and reference to a Share includes a beneficial or other interest in a Share.

- 12.2 Unless the Board determines otherwise (with Investor Director Consent), a holder of Growth Shares shall only be permitted to transfer Growth Shares in accordance with Article 13.3 (*Permitted Transfers*), Article 16 (*Compulsory Transfers*), Article 17 (*Departing Employee*), Article 18 (*Tag-along*) or Article 19 (*Drag-along*).
- 12.3 No Share may be transferred unless the transfer is made in accordance with these Articles. If a Shareholder transfers or purports to transfer a Share otherwise than in accordance with these Articles such transfer shall be null and void and either (i) if so required by the Board, such Share will be returned to the transferor with or without conditions or (ii) the Board may resolve that the transferor shall be deemed on such date as the Board shall determine to have served a Transfer Notice in respect of all Shares held by them.
- 12.4 Any transfer of a Share by way of sale which is required to be made under Articles 12 (*Transfers of Shares – general*) to 19 (*Drag-along*) (inclusive) will be deemed to include a warranty that the transferor sells with full title guarantee free from all Encumbrances.
- 12.5 Save where the provisions of any of Articles 16 (*Compulsory transfers – general*), 17 (*Departing Employee*) or 19 (*Drag-along*) apply, no Shares held by any Employee or any of their Permitted Transferees shall be transferred without Investor Majority Consent.
- 12.6 The Board may refuse to register a transfer if:
- (a) it is a transfer of a Share to a bankrupt, a minor or a person of unsound mind;
 - (b) the transfer is to an Employee, Director or prospective Employee or prospective director of the Company or any member of the Company's Group, who in the opinion of the Board is subject to taxation in the United Kingdom (and/or, if so determined by the Board, any other jurisdiction), and such person has not, unless otherwise expressly approved by the Board, entered into a joint section 431 ITEPA election with the Company or any member of the Company's Group (as applicable) (and/or, if so determined by the Board in respect of any other jurisdiction, any comparable foreign tax election concerning the foreign tax treatment of such Shares);
 - (c) it is a transfer of a Share which is not fully paid:
 - (i) to a person of whom the Board does not approve; or
 - (ii) on which Share the Company has a lien;
 - (d) the Instrument of Transfer is not lodged at the registered office or at such other place as the Board may appoint;
 - (e) the Instrument of Transfer is not accompanied by the certificate for the Shares to which it relates (or an indemnity for any lost certificate in a form acceptable to the Board) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
 - (f) the transfer is in respect of more than one class of Shares per Instrument of Transfer (or the Board is otherwise unable to ascertain from the Instrument of Transfer which Shares are transferred if those Shares held by the transferor are not fungible);
 - (g) the transfer is in favour of more than four transferees; or
 - (h) these Articles otherwise provide that such transfer shall not be registered.

If the Board refuses to register a transfer, the Instrument of Transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

- 12.7 The Board shall refuse to register the transfer of any Share:

- (a) which is "subject to restrictions" (within the meaning given in paragraph 5 of Schedule 1B to the Act), unless permitted to so register by the court, or
 - (b) if the Company or Board are otherwise prevented by law from registering the transfer.
- 12.8 As a condition to the registration of any transfer of shares in the Company (whether pursuant to a Permitted Transfer or otherwise), the transferee (if they are not already a party to the Shareholders' Agreement) shall execute and deliver to the Company a deed agreeing to be bound by the terms of the Shareholders' Agreement or similar document in force between some or all of the Shareholders and the Company in any form as the Board may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor under any such agreement or other document) and if any condition is imposed in accordance with this Article 12.8 (*Transfers of Shares – general*) the transfer shall not be registered unless that deed has been executed and delivered to the Company's registered office by the transferee.
- 12.9 To enable the Board to determine whether or not there has been any disposal of shares in the capital of the Company (or any interest in shares in the capital of the Company) in breach of these Articles the Company may, if so determined by the Board, require any holder or the legal personal representatives of any deceased holder or any person named as transferee in any Instrument of Transfer lodged for registration or any other person who the Board reasonably believe to have information relevant to that purpose, to furnish to the Company that information and evidence the Board may request regarding any matter which they deem relevant to that purpose, including (but not limited to) the names, addresses and interests of all persons respectively having interests in the shares in the capital of the Company from time to time registered in the holder's name. If the information or evidence is not provided to enable the Board to determine to their reasonable satisfaction that no breach has occurred, or where as a result of the information and evidence the Board is reasonably satisfied that a breach has occurred, the Board shall immediately notify the holder of such shares in the capital of the Company in writing of that fact and the following shall occur:
- (a) the relevant shares shall cease to confer upon the holder of them (including any proxy appointed by the holder) any rights to vote (whether on a show of hands or on a poll and whether exercisable at a general meeting or on a written resolution of the Company or at any separate meeting or written resolution of the class in question) provided that, at the election of any Investor, such rights shall not cease if as a result of such cessation the Company shall become a Subsidiary of that Investor; or
 - (b) the withholding of payment of all dividends or other distributions (other than the amount they may be entitled to pursuant to the application of Article 4.9 (*Special Dividend*)) otherwise attaching to the relevant shares or to any further shares issued in respect of those shares; and
 - (c) the holder may be required at any time following receipt of the notice to transfer some or all of its Shares to any person(s) at the price that the Board may require by notice in writing to that holder. In the event that such holder fails to so transfer such Shares as so required within 5 Business Days of receipt of such notice, such holder shall be deemed to have appointed the Company as the agent of such holder for the sale of such Shares, who may authorise any Director to sign any document necessary for such transfer.
- The rights referred to in (a) and (b) above may be reinstated by the Board with Investor Director Consent and shall in any event be reinstated upon the completion of any transfer referred to in (c) above.
- 12.10 In any case where the Board requires a Transfer Notice to be given in respect of any Shares, if a Transfer Notice is not duly given within a period of 10 Business Days of demand being made, a Transfer Notice shall be deemed to have been given at the expiration of that period.

12.11 If the Board requires a Transfer Notice to be given, or a Transfer Notice is deemed to have been given under these Articles, the Transfer Notice, unless otherwise specified in the Articles, will be treated as having specified that:

- (a) the Transfer Price for the Sale Shares will be:
 - (i) such price as may be agreed by the Seller and the Company with Investor Director Consent (and any Director who is a Seller or with whom the Seller is connected (within the meaning of section 252 of the Act) shall abstain from voting on any resolution of the Board approving any such price); or
 - (ii) if the Seller and the Company fail to so agree the price within five Business Days (or such longer period as the Board may approve) of the Transfer Notice having been given (or after the date on which the Board becomes aware that a Transfer Notice has been deemed to have been given), will be the Fair Value of the Sale Shares;
- (b) the Seller wishes to transfer all of the Shares held by it;
- (c) where these Articles specify that some but not all of the Shares held by the Seller are to be the subject of a Transfer Notice but do not specify which particular Shares are the subject of the Transfer Notice and the Shares held by the transferor are not fungible, then the Board with Investor Director Consent shall in good faith determine which Shares are the subject of the Transfer Notice; and
- (d) the Seller offers such Shares for sale with full title guarantee free from all Encumbrances.

12.12 Shares may be transferred by means of an Instrument of Transfer, which is executed by or on behalf of:

- (a) the transferor; and
- (b) (if any of the Shares are partly or nil paid) the transferee.

13. Permitted Transfers

13.1 Subject to Article 12.2, a Shareholder (who is not a Permitted Transferee) (the "**Original Shareholder**") may transfer all or any of their Shares (or an interest in Shares) to any of their Permitted Transferees without serving a Transfer Notice pursuant to Article 14 (*Transfers of Shares subject to pre-emption rights*) (save that no Restricted Shares shall be transferred to a Permitted Transferee without Investor Majority Consent).

13.2 Shares previously transferred as permitted by Article 13.1 (*Permitted Transfers*) may be transferred by the transferee to the Original Shareholder or to any other Permitted Transferee of the Original Shareholder without restriction as to price or otherwise.

13.3 A Shareholder holding Growth Shares may transfer their Growth Shares to the Series A Shareholder (or the Company or an employee benefit trust, as applicable) in accordance with clause 17 of the Subscription and Shareholders' Agreement without serving a Transfer Notice pursuant to Article 14 (*Transfers of Shares subject to pre-emption rights*).

13.4 Where under the provision of a deceased Shareholder's will or laws as to intestacy, the persons legally or beneficially entitled to any Shares, whether immediately or contingently, are Permitted Transferees of the deceased Shareholder, the legal representative of the deceased Shareholder may transfer any Share to those Permitted Transferees, in each case without serving a Transfer Notice pursuant to Article 14 (*Transfers of Shares subject to pre-emption rights*).

- 13.5 No transfer of Shares may be made to Trustees pursuant to Article 13.1 (*Permitted Transfers*) or Article 13.2 (*Permitted Transfers*) unless the Board is satisfied:
- (a) with the terms of the trust instrument and in particular with the powers of the trustees;
 - (b) with the identity of the proposed trustees and beneficiaries;
 - (c) the proposed transfer will not result in 50 per cent. or more of the aggregate of the Company's equity share capital being held by trustees of that and any other trusts; and
 - (d) that no costs incurred in connection with the setting up or administration of the Family Trust in question are to be paid by the Company.
- 13.6 No transfer of Shares may be made to a Qualifying Company pursuant to Article 13.1 (*Permitted Transfers*) or Article 13.2 (*Permitted Transfers*) unless the Board is satisfied:
- (a) with the identity of the Qualifying Company and of its legal and beneficial owners and persons with significant control; and
 - (b) the proposed transfer will not result in the Company and such Qualifying Company becoming members of the same Group.
- 13.7 If a transferee of Shares under Article 13.1 (*Permitted Transfers*) or Article 13.2 (*Permitted Transfers*) who:
- (a) was a member of the same Group as the Original Shareholder at the time of such transfer thereafter ceases (other than on dissolution of the Original Shareholder) to be a member of the same Group as the Original Shareholder; or
 - (b) was a member of the same Fund Group as the Original Shareholder at the time of such transfer thereafter ceases (other than on dissolution of the Original Shareholder) to be a member of the same Fund Group as the Original Shareholder; or
 - (c) was a member of the same Family Group as the Original Shareholder at the time of such transfer thereafter ceases (other than upon the death of the Original Shareholder) to be a member of the same Family Group as the Original Shareholder (whether by reason of divorce or otherwise),

such transferee (a "**Prior Permitted Transferee**") must not later than five Business Days thereafter give written notice to the Company stating that they are no longer a Permitted Transferee of the Original Shareholder. If so required by written notice served by the Company (acting with Investor Director Consent) on the Prior Permitted Transferee at any time prior to the date 20 Business Days after the date on which such notice was so served on the Company, such Prior Permitted Transferee shall transfer all Shares held by it (other than those Shares which the Company may determine (in its sole discretion) to have been independently acquired by the Prior Permitted Transferee other than by reason of any connection to, or prior transfer or exercise of rights or securities by, the Original Shareholder) (the "**Re-transfer Shares**") to the Original Shareholder (or a Permitted Transferee of the Original Shareholder) (provided such transferee is not dead, bankrupt, in liquidation, in administration nor the subject of (nor are any of the transferee's material assets the subject of) administrative receivership), which transfer shall be made without requiring that a Transfer Notice be served pursuant to Article 14 (*Transfers of Shares subject to pre-emption rights*). In the event that the Prior Permitted Transferee fails to so transfer all such Re-transfer Shares within 10 Business Days (or such longer period as the Board may determine (in its sole discretion)) (a "**Re-transfer Period**") of being first so required in writing to do so by the Company, the Prior Permitted Transferee will on the expiry of such Re-transfer Period be deemed to have given a Transfer Notice in respect of all Re-transfer Shares held by it.

- 13.8 A transfer of any Shares approved by the Board (with Investor Majority Consent) may be designated a Permitted Transfer and made without restriction as to price or otherwise and with any such conditions as may be imposed and each such transfer shall be registered by the Board.
- 13.9 Any Shares may at any time be transferred (without serving a Transfer Notice pursuant to Article 14 (*Transfers of Shares subject to pre-emption rights*)) as part of a sale of the entire issued share capital of the Company to a company which, upon completion of all such transfers will then be a New Holding Company and which sale has been approved in accordance with Article 30 (*New Holding Company*).
- 13.10 The Company shall only be permitted to sell or transfer any Shares held as Treasury Shares to any person(s) approved by the Board (with Investor Director Consent).
- 14. Transfers of Shares subject to pre-emption rights**
- 14.1 Save where the provisions of any of Articles 3.4 (*Share capital*), 13 (*Permitted Transfers*), 18 (*Tag-along*), and 19 (*Drag-along*) apply, any transfer of Shares by a Shareholder shall be subject to the pre-emption rights contained in this Article 14 (*Transfers of Shares subject to pre-emption rights*).
- 14.2 A Shareholder who wishes to transfer Shares (a "**Seller**") shall, except as otherwise permitted by these Articles, before transferring or agreeing to transfer any Shares give notice in writing (a "**Transfer Notice**") to the Company specifying:
- (a) the Shares (including number and class of Shares (and in the case of Series A Shares and the Preference Amount) and other particulars if the Shares held by the transferor are not fungible) which they wish to transfer (the "**Sale Shares**");
 - (b) if they wish to sell the Sale Shares to a third party, the name of the proposed transferee and the terms and conditions of the proposed sale;
 - (c) subject to Article 12.11 (*Transfers of Shares – general*), the price per share at which they wish to transfer the Sale Shares (and for which purpose a different price may be stated with respect to different classes of Share and/or, in the case of Series A Shares, a different Preference Amount); and
 - (d) that the Sale Shares are offered for sale with full title guarantee free from all Encumbrances.
- 14.3 The price at which a Sale Share is to be offered for sale (the "**Transfer Price**") shall, subject to Article 12.11 (*Transfers of Shares – general*), be the price at which the Seller wishes to transfer the Sale Shares as stated in the Transfer Notice provided that (i) if no price is so stated by the Seller, the Transfer Price shall be an amount agreed between the Seller and the Company, (ii) if the price is not stated in cash, the Transfer Price shall be an equivalent cash value agreed between the Seller and the Company and (iii) if the Transfer Price is not determined in accordance with the foregoing provisions of this Article within 5 Business Days (or such longer period as the Board may approve) of the Transfer Notice having been given (or deemed given) in respect of such Sale Shares, the Transfer Price will be the Fair Value of the Sale Shares (as shall be determined in accordance with Article 15 (*Valuation of Shares*)). For the avoidance of doubt, a different Transfer Price may apply in respect of Shares which are not fungible, including, if the Shares are of different classes and/or, in the case of Series A Shares, have a different Preference Amount.
- 14.4 Except with the approval of the Board or as otherwise specified in these Articles (including Article 15.9 (*Valuation of Shares*)), no Transfer Notice once given or deemed to have been given under these Articles may be withdrawn.
- 14.5 A Transfer Notice constitutes the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.

14.6 Where a Transfer Notice has been given (or deemed given) to the Company, as soon as practicable following the determination of the Transfer Price the Company (as agent of the Seller) shall offer the Sale Shares for sale in accordance with Articles 14.7 (*Priority for offer of Sale Shares*) and 14.8 (*Transfers: Offer*).

14.7 *Offer of Sale Shares*

- (a) The Company (as agent of the Seller) shall offer the Sale Shares to the holders of Equity Shares on the basis set out in Article 14.8 (*Transfers: Offer*).
- (b) Where Sale Shares comprise different classes of share or otherwise have a different Transfer Price, multiple offers shall be made by the Company (as agent of the Seller) mutatis mutandis in accordance with this Article 14 (*Transfers of Shares subject to pre-emption rights*), such that in respect of each offer the Sale Shares the subject of that offer are of the same class and offered at the same Transfer Price per share.

14.8 *Transfers: Offer*

- (a) If Sale Shares are to be offered to Shareholders pursuant to Article 14.7 (*Offer of Sale Shares*), the Company (as agent of the Seller) shall offer the Sale Shares to such Shareholders (but excluding the Seller, and, if and to the extent so determined by the Board (i) any other Shareholder whose Shares are then the subject of any Transfer Notice (an "**Other Seller**") and (ii) any Permitted Transferees of the Seller and/or any Other Seller) (the "**Continuing Shareholders**") inviting them to apply in writing within the period of 10 Business Days commencing on (and including) the date of the offer (the "**Offer Period**") for the relevant number of Sale Shares.
- (b) An offer of Sale Shares made by the Company (as agent of the Seller) to Continuing Shareholders under this Article 14.8 (*Transfers: Offer*) shall be in writing and:
 - (i) shall stipulate:
 - (A) the total number and class of Sale Shares so offered to all Continuing Shareholders (together with the amount of any accrued unpaid dividend thereon and, in the case of Series A Shares, the Preference Amount in respect of such Series A Shares);
 - (B) the number of Sale Shares offered to the Continuing Shareholder (an "**Initial Sale Share Entitlement**"), calculated on a pro rata basis to the number of Equity Shares held by the Continuing Shareholders in each case at the time the offer is made;
 - (C) the terms of the offer and the Offer Period;
 - (ii) shall be open for acceptance during the Offer Period; and
 - (iii) shall stipulate that any Continuing Shareholder who wishes to acquire Sale Shares in excess of their Initial Sale Share Entitlement may, in their acceptance of the offer, state the maximum number of additional Sale Shares in excess of their Initial Sale Share Entitlement which the Continuing Shareholder wishes to purchase ("**Excess Sale Shares**") (provided that the number of Excess Sale Shares together with their Initial Sale Share Entitlement which a Continuing Shareholder wishes to acquire shall not, in aggregate, exceed the total number of Sale Shares so offered to all Continuing Shareholders).
- (c) If, at the end of the Offer Period, the number of Sale Shares applied for is equal to or exceeds the total number of Sale Shares so offered to Continuing Shareholders, the Sale Shares so offered to Continuing Shareholders shall be allocated to the Continuing Shareholders who have applied for Sale Shares as follows:

- (i) first, each such Continuing Shareholder shall be allocated their Initial Sale Share Entitlement (or, if lower, the number of Sale Shares applied for by the Continuing Shareholder); and
 - (ii) thereafter, the remaining balance of the Sale Shares so offered to Continuing Shareholders shall be allocated as between those Continuing Shareholders who have applied for Excess Sale Shares on a pro rata basis to the number of Equity Shares held by each such Continuing Shareholder (provided always that no Continuing Shareholder shall be allocated a number of Sale Shares in excess of the aggregate number which they have applied for). No Continuing Shareholder shall be allocated any fraction of any Sale Share and all fractional entitlements shall be aggregated and may be allocated in such manner as the Board may determine.
- (d) If, at the end of the Offer Period, the number of Sale Shares applied for by all Continuing Shareholders is less than the total number of Sale Shares so offered to Continuing Shareholders, each Continuing Shareholder shall be allocated the number of Sale Shares which they applied for and the remaining balance of the Sale Shares may, if so permitted, be transferred in accordance with Article 14.10 (*Unallocated Sale Shares*);
- (e) Any Sale Shares offered under this Article 14 (*Transfers of Shares subject to pre-emption rights*) to an Investor may be accepted in full or part only by a member of the same Fund Group as that Investor or a member of the same Group as that Investor in accordance with the terms of this Article 14 (*Transfers of Shares subject to pre-emption rights*) (in which event, reference in Article 14.9 (*Completion of transfer of Sale Shares*) to the Continuing Shareholders (including as used in the term "Applicant") shall be construed so as to include such an acceptee).

14.9 Completion of transfer of Sale Shares

- (a) Promptly following the allocation of Sale Shares to Continuing Shareholders in accordance with Article 14.8 (*Transfers: Offer*) the Company shall give written notice (an "**Allocation Notice**") to the Seller and each Continuing Shareholder stating the number of Sale Shares allocated to each Continuing Shareholder who applied therefor (each an "**Applicant**") converted into the existing class of Shares held by such Applicant, where the Sale Shares so offered pertain to a different class of Shares to that held by such Applicant, and the place and time (being not less than 5 Business Days nor more than 15 Business Days after the date of the Allocation Notice) for completion of the transfer of the Sale Shares (the "**Transfer Date**").
- (b) On the Transfer Date:
- (i) the Seller shall:
 - (A) transfer, with full title guarantee free from all Encumbrances, to each Applicant the Sale Shares allocated to that Applicant as set out in the Allocation Notice; and
 - (B) duly complete, execute and deliver to each Applicant (which may be delivered to, and received by, the Company on behalf of such Applicant) such Instrument of Transfer(s) and other documents as necessary to give effect to such transfer of the relevant Sale Shares to such Applicant, together with the Seller's certificate(s) for such Sale Shares (or an indemnity for any lost certificate in a form acceptable to the Board);
 - (ii) each Applicant shall pay to the Seller (which payment may be paid in accordance with Article 14.9(d)) (*Completion of transfer of Sale Shares*) the Transfer Price payable in respect of the Sale Shares allocated to that Applicant as set out in the Allocation Notice; and

- (iii) the Company shall procure that all necessary actions are taken to permit the conversion of any Sale Shares transferred to an Applicant holding Shares, prior to the Transfer Date, of a different class to those Sale Shares allocated to such Applicant.
- (c) If the Seller fails to comply with the provisions of Article 14.9(b) (*Completion of transfer of Sale Shares*):
- (i) the chairperson of the Company or, failing them, one of the Directors, or some other person nominated by a resolution of the Board, may as agent for and on behalf of, and in the name of, the Seller complete, execute and deliver to each Applicant (which may be delivered to, and received by, the Company on behalf of such Applicant) any Instrument of Transfer and other documents as are necessary to give effect to such transfer of the relevant Sale Shares to each such Applicant, together with the Seller's certificate(s) for such Sale Shares (or an indemnity for any lost certificate in a form acceptable to the Board);
 - (ii) the Company may receive, and give good discharge, as agent of the Seller, the Transfer Price payable in respect of the Sale Shares so transferable to the Applicants; and
 - (iii) the Company shall (subject to the Instrument of Transfer being duly stamped (or, if applicable, duly certified as exempt from the payment of stamp duty)) register such transfer and enter each Applicant in the register of members of the Company as the holders of the Sale Shares so transferred.
- (d) The Transfer Price payable to the Seller in accordance with Article 14.9(b) (*Completion of transfer of Sale Shares*) by an Applicant may be paid to, and received by, the Company (which may give good discharge therefor as agent on behalf of the Seller). Subject to completion of the transfer of relevant Sale Shares to such Applicant, any such monies so held by the Company shall be then paid into a separate bank account in the Company's name on trust (or otherwise held on trust) for the Seller pending the Seller's compliance with their obligations under Article 14.9(b) (*Completion of transfer of Sale Shares*). Upon the Seller's compliance with their obligations under Article 14.9(b) (*Completion of transfer of Sale Shares*) (and, where applicable, affirmation by the Seller of the actions taken by the agent(s) of the Seller under these Articles) such monies shall be remitted by the Company to the Seller in accordance with the Seller's reasonable instructions.

14.10 *Unallocated Sale Shares*

- (a) If an Allocation Notice does not relate to all the Sale Shares then, subject to Article 14.10(b) (*Unallocated Sale Shares*), the Seller may, within eight weeks after service of the Allocation Notice, transfer the unallocated Sale Shares to any person at a price at least equal to the Transfer Price (subject always to Articles 12.5 (*Transfers of Shares – general*), 12.6 (*Transfers of Shares – general*), 12.8 (*Transfers of Shares – general*) and 12.12 (*Transfers of Shares – general*)).
- (b) The right of the Seller to transfer Shares under Article 14.10(a) (*Unallocated Sale Shares*) does not apply where the Board is of the opinion on reasonable grounds that:
- (i) the transferee is a person (or a nominee for a person) who the Board (with Investor Director Consent) determine in their absolute discretion is a competitor with (or an Associate of a competitor with) the business of the Company or with a Subsidiary Undertaking of the Company;
 - (ii) the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance to the transferee;

- (iii) the Seller has failed or refused to provide promptly information available to them and reasonably requested by the Board for the purpose of enabling it to form the opinion mentioned above; or
- (iv) the Sale Shares were the subject of a Transfer Notice required or deemed to have been given pursuant to any provision of these Articles (including any of Articles 12.2 (*Transfers of Shares – general*), 12.10 (*Transfers of Shares – general*), 13.7 (*Permitted Transfers*), 16 (*Compulsory transfers – general*) or 17 (*Departing Employee*)).

15. Valuation of Shares

- 15.1 If no Transfer Price can be agreed or determined in accordance with the provisions of Articles 12.11 (*Transfers of Shares – general*) or 14.3 (*Transfers of Shares subject to pre-emption rights*) then (unless the Fair Value is otherwise determined by agreement in writing between the Seller and the Company) the Company shall either:
- (a) appoint an expert valuer in accordance with Article 15.2 (*Valuation of Shares*) (the "**Expert Valuer**") to certify the Fair Value of the Sale Shares; or
 - (b) if the Fair Value of Shares of the same class (and, in the case of Series A Shares, having the same Preference Amount per share) as the Sale Shares, has been certified by an Expert Valuer within the preceding 12 weeks, specify that the Fair Value per share of the Sale Shares will be same as the Fair Value per share as was so previously certified by the Expert Valuer.
- 15.2 The Expert Valuer shall be the Auditors (or, if otherwise agreed by the Company and the Seller, an independent firm of Chartered Accountants to be agreed between the Company and the Seller), provided that if no Auditors then hold office (or the Auditors do not agree to act as Expert Valuer) and absent any such agreement between the Company and the Seller, then the Expert Valuer shall be such firm of Chartered Accountants as may be nominated by the then President of the Institute of Chartered Accountants in England and Wales on the joint application of the Company and the Seller. If the Seller fails to enter into the documentation necessary to make such application (within 10 Business Days of a request by the Company to do so), the Company's proposed appointee shall be the Expert Valuer.
- 15.3 The "**Fair Value**" per share of the Sale Shares shall (unless otherwise determined by agreement in writing between the Seller and the Company with Investor Director Consent) be determined by the Expert Valuer on the following assumptions and bases:
- (a) valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer;
 - (b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
 - (c) that the Sale Shares are capable of being transferred without restriction;
 - (d) valuing the Sale Shares without any premium or discount being attributable to the existence (or absence) of any power or control conferred by the Sale Shares by reason of voting or other rights attaching to the Sale Shares; and
 - (e) reflect any other factors which the Expert Valuer reasonably believes should be taken into account (and may include the rights of the Sale Shares under Articles 4 (*Dividends*), 5 (*Liquidation Preference*) and 6 (*Exit Provisions*)).
- 15.4 If any difficulty arises in applying any of these assumptions or bases then the Expert Valuer shall resolve that difficulty (as may include disregarding or modifying any such assumptions or bases) in whatever manner the Expert Valuer shall in its absolute discretion think fit.

- 15.5 The Expert Valuer shall be requested to determine the Fair Value within 20 Business Days of its appointment and to notify the Company and the Seller of its determination. For the avoidance of doubt, different Fair Values may apply in respect of Sale Shares of different classes and/or, in the case of Series A Shares, with a different Preference Amount.
- 15.6 The Expert Valuer shall act as expert and not as arbitrator and its determination shall be final and binding (in the absence of fraud or manifest error).
- 15.7 The Company will give the Expert Valuer access to such accounting records or other relevant documents of the Company as the Expert Valuer may reasonably require subject to the Expert Valuer agreeing to such confidentiality provisions as the Company may reasonably require.
- 15.8 The Expert Valuer shall deliver to the Company and the Seller its certificate stating the Fair Value per share of each Sale Share.
- 15.9 Save where the Transfer Price is to be determined pursuant to Article 12.11 (*Transfers of Shares – general*), the Seller may by notice in writing to the Company within 5 Business Days of the service on them of the Expert Valuer's certificate pursuant to Article 15.8 (*Valuation of Shares*), withdraw the Transfer Notice in respect of the Sale Shares.
- 15.10 The fees and expenses (and sales taxes, if applicable) of the Expert Valuer charged in connection with the determination of Fair Value, and the delivery of the Expert Valuer's certificate, in respect of any Sale Shares shall be paid by the Company provided that if:
- (a) the Seller withdraws the Transfer Notice in respect of such Sale Shares pursuant to Article 15.9 (*Valuation of Shares*) (or otherwise with the consent of the Board with Investor Director Consent); or
 - (b) the Fair Value certified by the Expert Valuer in respect of such Sale Shares is less than the price (if any) proposed by the Company to the Seller in any communication made (in writing) for the purpose of seeking to reach agreement as to the Transfer Price of such Sale Shares under Articles 12.11 (*Transfers of Shares – general*) or 14.3 (*Transfers of Shares subject to pre-emption rights*) or otherwise,

then the Seller shall reimburse and pay to the Company on demand the amount of such fees and expenses (and sales taxes, if applicable) (and the Company shall be entitled to deduct, and retain for its own account, the amount thereof from any Transfer Price in respect of the Sale Shares which is paid to, or held by, the Company as agent for, or on trust for, the Seller).

16. **Compulsory transfers – general**

- 16.1 Subject to Article 16.2 (*Compulsory transfers – general*), on the death, bankruptcy, liquidation or administration of, or if an administrative receivership arises in respect of (or any material assets of), a Shareholder (a "**Disqualifying Event**"), they or their personal representatives or trustee in bankruptcy, or liquidator, administrator or administrative receiver, as the case may be, must (i) promptly after (and in any event within 10 Business Days of) the date of the grant of probate, the making of the bankruptcy order or the appointment of the liquidator, administrator or the administrative receiver, notify the Company of the occurrence of such Disqualifying Event (a "**Disqualifying Event Notice**") and (ii) within 10 Business Days (or such longer period as the Company may determine (in its sole discretion)) of being so required in writing to do so by the Company, transfer all the Shares held by them to a person who is a Permitted Transferee of such Shareholder (a "**Disqualifying Event Transfer**") and deliver to the Company a valid Instrument of Transfer (duly executed and stamped, if applicable, or certified as exempt, if applicable) in favour of such Permitted Transferee, together with the certificate(s) (or duly executed indemnity in favour of the Company in respect of any lost, destroyed or missing certificate, in a form acceptable to the Board), in respect of all of the Shares held by the Shareholder (together with such other documents as may be required under Articles 12.7 (*Transfers of Shares – general*) and 12.8 (*Transfers of Shares – general*)) (the "**Disqualifying Event Transfer Documents**"). If, when required:

- (a) a Disqualifying Event Notice is not given;
- (b) a Disqualifying Event Transfer is not made; or
- (c) the Disqualifying Event Transfer Documents are not delivered to the Company,

(in each case within the relevant periods for doing so), a Transfer Notice will, unless otherwise determined by the Board with Investor Director Consent, then be deemed to be given in respect of all Shares held by such Shareholder. Such Transfer Notice will be deemed to be given on the date on which the relevant period expired for giving a Disqualifying Event Notice, making a Disqualifying Event Transfer or delivering the Disqualifying Event Transfer Documents (as the case may be), or such other date as the Company may determine.

16.2 Article 16.1 (*Compulsory transfers – general*) shall not apply to a solvent liquidation undertaken for the purposes of a solvent reconstruction, reorganisation or scheme of arrangement, or the solvent administration, of an Investor.

16.3 If a Compulsory Transfer Notice is served on a Leaver pursuant to clause 17.3, the Leaver shall within 10 Business Days (or such longer period as the Company may determine (in its sole discretion)) of being so required in writing to do so by the Company, transfer all the Employee Shares held by them to the Series A Shareholder or, if the Company so directs (with Investor Majority Consent), to the Company or an employee benefit trust (a "**Leaver Event Transfer**") and deliver to the Company a valid Instrument of Transfer (duly executed and stamped, if applicable, or certified as exempt, if applicable) in favour of such Permitted Transferee, together with the certificate(s) (or duly executed indemnity in favour of the Company in respect of any lost, destroyed or missing certificate, in a form acceptable to the Board), in respect of all of the Employee Shares which are subject to the compulsory event transfer notice held by the Shareholder (together with such other documents as may be required under Articles 12.7 (*Transfers of Shares – general*) and 12.8 (*Transfers of Shares – general*)) (the "**Leaver Event Transfer Documents**"). If, when required:

- (a) a Leaver Event Transfer is not made; or
- (b) the Leaver Event Transfer Documents are not delivered to the Company,

(in each case within the relevant periods for doing so), a Transfer Notice will, unless otherwise determined by the Board with Investor Director Consent, then be deemed to be given in respect of all Shares held by such Shareholder. Such Transfer Notice will be deemed to be given on the date on which the relevant period expired for making a Leaver Event Transfer or delivering the Leaver Event Transfer Documents (as the case may be), or such other date as the Company may determine.

16.4 The price payable per Employee Share the subject of a Compulsory Transfer Notice will be:

- (a) in respect of a Good Leaver, the Fair Value of the Employee Shares;
- (b) in respect of an Intermediate Leaver, a discount of 50% to the Fair Value of the Employee Shares; and
- (c) in respect of a Bad Leaver, the lower of (i) the nominal value of those Employee Shares, and (ii) the Fair Value of those Employee Shares,

and the provisions of Article 15 will apply in determining the Fair Value.

17. **Departing Employee**

Deferred Shares

17.1 Unless and to the extent that the Board and the Investor Majority determine that this Article 17.1 (*Departing Employee*) shall not apply, if at any time during the Relevant Period an Employee

becomes a Leaver, the following proportion of the Leaver's Employee Shares shall automatically convert into Deferred Shares (on the basis of one Deferred Share for each Employee Share held) on the Effective Termination Date (or, if later, any other date on which the Board with Investor Director Consent determines that this Article 17.1 (*Departing Employee*) shall apply) and, in the event of any fraction, the number of Employee Shares so converted shall be rounded down to the nearest whole share:

- (a) if the Leaver is a Good Leaver or an Intermediate Leaver, the Leaver's Percentage of such Employee Shares; and
- (b) if the Leaver is a Bad Leaver:
 - (i) all of the Leaver's Employee Shares which are Equity Shares; and
 - (ii) the Leaver's Percentage of the Leaver's Employee Shares which are Series C Shares.

17.2 Upon such conversion into Deferred Shares:

- (a) the Company shall record in the register of members of the Company each holder of Employee Shares so converted as the holder of the appropriate number of Deferred Shares; and
- (b) the Leaver (and their Permitted Transferee(s)) shall deliver to the Company at its registered office the shares certificate(s) (to the extent not already in the possession of the Company) (or an indemnity for any lost certificate in a form acceptable to the Board) for the Employee Shares so converted; and
- (c) subject to such delivery, there shall be issued to the Shareholder (subject to Article 9.2(d) (*Deferred Shares*)) new share certificate(s) for the number of Deferred Shares resulting from the relevant conversion and any remaining Employee Shares, held by such Shareholder.

If any Shareholder fails to so deliver to the Company any such share certificate (or such an indemnity for any lost certificate), the chairperson of the Company or, failing them, one of the Directors, or some other person nominated by a resolution of the Board, may as agent for and on behalf of, and in the name of, such Shareholder execute and deliver to the Company such an indemnity for any lost or absent certificate in a form acceptable to the Board.

17.3 If the Leaver is a Bad Leaver or an Intermediate Leaver, the Investor Majority will be entitled to give written notice that a compulsory transfer is required (a "**Compulsory Transfer Notice**") in respect of the balance of their Employee Shares which are Equity Shares, and the provisions of clauses 16.3 and 16.4 shall apply.

17.4 If the Leaver is a Good Leaver, the Investor Majority will be entitled to serve a Compulsory Transfer Notice in respect of the balance of their Employee Shares which are Growth Shares only, and the provisions of clauses 16.3 and 16.4 shall apply.

Suspension of voting rights

17.5 All voting rights attached to Employee Shares held by a Leaver (and, if and to the extent determined by the Board, Employee Shares held by any Permitted Transferee of that Leaver) (a "**Restricted Member**") shall be suspended, unless the Board (acting with Investor Director Consent) notify them otherwise, as from the Effective Termination Date.

17.6 Any Employee Shares whose voting rights are suspended pursuant to Article 17.5 (*Suspension of voting rights*) ("**Restricted Shares**") shall not confer on the holders of Restricted Shares the right to receive a notice of and attend all general meetings (and receive copies of proposed written resolutions) of the Company and shall have no right to vote either in person or by proxy or to vote on any proposed written resolution. Voting rights suspended pursuant to Article 17.5

(*Suspension of voting rights*) shall be automatically restored immediately prior to an IPO. If a Restricted Member transfers any Restricted Shares in accordance with these Articles (other than a transfer to any of their Permitted Transferees) all voting rights attached to the Restricted Shares so transferred shall (with the consent of the Board with Investor Director Consent, not to be unreasonably withheld) upon completion of the transfer (as evidenced by the transferee's name being entered in the Company's register of members) automatically be restored.

Employee Shares held by multiple persons

17.7 Where Employee Shares are held by more than one person, the allocation of the number of Employee Shares subject to conversion into Deferred Shares or to be retained by the holder (as the case may be) as amongst such persons shall be determined by the Board to be, as near as practicable, pro-rata as between such persons (or such other allocation as the Company and such persons may agree in writing).

18. **Tag-along**

18.1 Except in the case of transfers pursuant to Articles 13 (*Permitted Transfers*), 16 (*Compulsory transfers – general*) and 17 (*Departing Employee*) or in respect of which Article 19 (*Drag-along*) applies, after going through the pre-emption procedure in Article 14 (*Transfers of Shares subject to pre-emption rights*), the provisions of Article 18.2 (*Tag-along*) will apply if one or more Proposed Sellers proposes to transfer in one or a series of related transactions any Shares (the "**Tag Sale**") which would, if put into effect, result in any proposed purchaser (together with their Associates or persons Acting in Concert with them) acquiring a Controlling Interest in the Company (the "**Tag Purchaser**").

18.2 After the Proposed Seller has gone through the pre-emption process set out in Article 14 (*Transfers of Shares subject to pre-emption rights*), Proposed Seller must, before making a Tag Sale procure the making by the Tag Purchaser of an offer (the "**Tag Offer**") to any Shareholders who have not taken up their pre-emptive rights under Article 16 to acquire the Shares held by such Shareholders. The terms of the Tag Offer shall be no less favourable than the terms of the Tag Sale.

18.3 The Tag Offer must be given by written notice (a "**Tag Sale Notice**") at least 10 Business Days prior to the proposed sale date and be open for acceptance by any such Shareholder within 5 Business Days of deemed service of the Tag Sale Notice (the "**Tag Offer Period**"). The Tag Sale Notice shall specify:

- (a) the identity of the Tag Purchaser;
- (b) the purchase price (or means by which the purchase price will be calculated) to be paid by the Tag Purchaser, which shall be distributed in accordance with Article 18.4 (*Tag-along*);
- (c) the manner in which the consideration is to be paid;
- (d) the number and class of Shares proposed to be purchased by the Tag Purchaser;
- (e) the address to which an acceptance of the Tag Offer should be sent; and
- (f) the other terms and conditions of the Tag Offer.

18.4 The Proceeds Of Sale in respect of all Shares transferred pursuant to the Tag Sale and acceptances of the Tag Offer shall, in aggregate, be distributed in accordance with Article 6 (*Exit Provisions*) (and the terms (including as to price) of the Tag Offer and the Tag Sale shall provide for, and be consistent with, such distribution).

18.5 If any other holder of Shares is not given the rights accorded to them by this Article, the Proposed Sellers will not be entitled to complete their sale and the Company will not register any transfer intended to carry that sale into effect.

- 18.6 If the Tag Offer is accepted by any Shareholder (an "**Accepting Tag Shareholder**") within the Tag Offer Period, the completion of the Tag Sale will be conditional upon the completion of the purchase of all the Shares held by Accepting Tag Shareholders.
- 18.7 The purchase of the Accepting Tag Shareholders' shares shall not be subject to Article 14 (*Transfers of Shares subject to pre-emption rights*).
19. **Drag-along**
- 19.1 If the holders of a majority of the Equity Shares (excluding Treasury Shares and any Equity Shares held by a Shareholder who is, or is an Associate of, a Drag Purchaser, as defined below) (including an Investor Majority) (the "**Selling Shareholders**") agree to transfer all their interest in Shares (the "**Sellers' Shares**") to a proposed purchaser (the "**Drag Purchaser**") (or, if so directed by the Drag Purchaser, a nominee of such Drag Purchaser), the Selling Shareholders shall have the option (the "**Drag Along Option**") to compel each other holder of Shares other than the Investor (each a "**Called Shareholder**") to sell and transfer all their Shares to such Drag Purchaser (or, if so directed by the Drag Purchaser, a nominee of such Drag Purchaser) in accordance with the provisions of this Article 19 (*Drag-along*) (such transfers of Shares by the Selling Shareholders and the Called Shareholders being the "**Dragged Share Sale**").
- 19.2 The Selling Shareholders may exercise the Drag Along Option by giving a written notice to that effect (a "**Drag Along Notice**") to the Company at any time before the transfer of the Sellers' Shares to the Drag Purchaser and the Company shall forthwith send a copy of the Drag Along Notice to the Called Shareholders. A Drag Along Notice shall specify:
- (a) that the Called Shareholders are required to transfer all their Shares (the "**Called Shares**") under this Article;
 - (b) the person to whom they are to be transferred;
 - (c) the consideration (whether in cash or otherwise) for which the Called Shares are to be transferred (calculated in accordance with Article 19.4 (*Drag-along*));
 - (d) the proposed date of transfer;
 - (e) the form of any sale agreement or form of acceptance or any other document of similar effect that the Called Shareholders are required to sign in connection with such Dragged Share Sale (the "**Sale Agreement**");
 - (f) in respect of any Called Securities Holder (as defined below) only, any exercise notice or other documents (including any tax elections) which the Called Securities Holder may be required to sign in connection with the exercise of any options or other rights to subscribe, convert into or otherwise acquire (including but not limited to warrants) Shares ("**Exercise Documents**"); and
 - (g) that information concerning the Called Shareholder which the Drag Purchaser reasonably requires in connection with the transfer of Called Shares (and may include information concerning (i) details of any account in the name of the Called Shareholder to which cash consideration may be paid (ii) the tax treatment of payments to be made to, or tax status of, the Called Shareholder (iii) the status of the Called Shareholder for the purposes of ascertaining the applicability of relevant securities laws and (iv) verification of the identity, ownership and control of the Called Shareholder and other information as may be required for anti-money laundering or other compliance purposes) ("**Sale Information**"),
- (and, in the case of paragraphs (b) to (d) above, whether actually specified or to be determined in accordance with a mechanism described in the Drag Along Notice).
- 19.3 Drag Along Notices shall be irrevocable but will lapse if the date for completion of the sale of the Sellers' Shares by the Selling Shareholders to the Drag Purchaser does not occur within 60

Business Days (or such longer time period as may be proposed by the Selling Shareholders and approved by the Board with Investor Director Consent) after the date of service of the Drag Along Notice. The Selling Shareholders shall be entitled to serve further Drag Along Notices following the lapse of any particular Drag Along Notice.

- 19.4 The consideration (in cash or otherwise) for which each Selling Shareholder and each Called Shareholder shall transfer Shares pursuant to the Dragged Share Sale shall be the consideration per Share, determined in accordance with Article 6 in reference to the total consideration payable in respect of all Shares to be transferred to the Drag Purchaser pursuant to the Dragged Share Sale (the "**Drag Consideration**").
- 19.5 A Drag Along Notice may be served on any person(s) (each a "**Called Securities Holder**") holding Relevant Securities, if and to the extent exercisable (or which would become exercisable) in connection with the Dragged Share Sale and, if so served such Called Securities Holder shall, upon their acquisition of Shares, thereupon become a Called Shareholder subject mutatis mutandis to the provisions of this Article 19 (*Drag-along*) (notwithstanding that they may not have been a Called Shareholder at the date of the Drag Along Notice).
- 19.6 The liabilities and obligations of a Called Shareholder under the terms of any Sale Agreement shall be limited to those matters as concern the Called Shareholder in their capacity as a holder of Called Shares, the transfer of Called Shares pursuant to the Dragged Share Sale and the payment of the consideration. Accordingly, the terms of the Sale Agreement may, inter alia, provide that:
- (a) a Called Shareholder warrants and undertakes to transfer their Called Shares to the Drag Purchaser (or, if so directed by the Drag Purchaser, a nominee of such Drag Purchaser) on the Drag Completion Date with full title guarantee free from all Encumbrances and that the Called Shareholder has power, capacity and authority to enter into the Sale Agreement and so transfer such Called Shares. A Called Shareholder shall not, however, be obliged to agree to (i) give any representation, warranty or undertaking concerning, or any indemnity in respect of any liability of, the business and affairs of the Company's Group, nor (ii) unless such Called Shareholder is or has been an Employee, any restrictive covenant including, without limitation, any covenant not to compete or covenant not to solicit customers, employees or suppliers of any Group Company;
 - (b) consideration paid (and/or payable) be subject to obligation(s) and arrangements (whether by means of escrow, holdback, reduction of consideration, contribution to the costs of any relevant insurance or contribution to transaction costs and expenses (including costs and expenses of any sellers' representative and/or Shareholders' Representative (as defined below)) ("**Contribution Obligations**") with respect to:
 - (i) liabilities of (and tax withholdings and deductions (including, if applicable, amounts to be withheld in respect of employee income tax and social security contributions) arising in respect of consideration payable to) the Called Shareholder ("**Several Liabilities**"); and
 - (ii) any:
 - (A) price adjustment mechanisms (including any earn-out, locked box or completion accounts adjustment); and/or
 - (B) liabilities (actual or potential, including any settlement) in respect of any representations, warranties, undertakings and/or indemnities given by any person(s),
- in connection with the Dragged Share Sale (any or all of the foregoing being "**Common Liabilities**"), provided that the Sale Agreement provides for the following principles (howsoever expressed or effected):

- (x) the Contribution Obligations of a Called Shareholder with respect to Common Liabilities shall be satisfied only by way of reduction to the amount of any unpaid consideration (and not, for the avoidance of doubt, any repayment of consideration previously paid out). For the purpose of this provision, consideration held in escrow (or subject to any security interest of the Drag Purchaser or its nominee) shall not be treated as having been paid to the Called Shareholder even if the Called Shareholder is beneficially interested in such consideration; and
- (y) Contribution Obligations of a Called Shareholder in respect of Common Liabilities shall be no more onerous than the terms of the Contribution Obligations of other Selling Shareholders in respect of Common Liabilities; and
- (y) the liability of a Called Shareholder shall not exceed the amount of Drag Consideration received by such Called Shareholder in connection with the Dragged Share Sale, except with respect to claims related to fraud by such Called Shareholder, the liability for which need not be limited as to such Called Shareholder.

19.7 The Sale Agreement may include such provisions as may be necessary or desirable to accommodate the inclusion of Called Securities Holders (if any) in the Dragged Share Sale (and may include provisions with respect to (i) the exercise of options or other rights to subscribe, convert into or otherwise acquire (including but not limited to warrants) Shares (including the delivery of Exercise Documents), (ii) the satisfaction by the Called Securities Holder of their Several Liabilities in respect of the payment of any exercise price and any employee income tax and social security contributions arising in connection with their acquisition and/or sale of Shares and (iii) the making of tax elections by the Called Securities Holder).

19.8 Within three Business Days of the Company copying the Drag Along Notice to the Called Shareholders (or such later date as may be specified in the Drag Along Notice), each Called Shareholder shall deliver to the Company (which shall receive the same as agent on behalf of the Called Shareholder with authority to deliver the same to the Drag Purchaser on completion of the sale of Called Shares to the Drag Purchaser in accordance with the terms of the Sale Agreement (the "**Drag Completion Date**")):

- (a) duly executed Instrument of Transfer for its Shares in favour of the Drag Purchaser;
- (b) the relevant share certificate(s) (or a duly executed indemnity in favour of the Directors of the Company in respect of any lost, destroyed or missing certificate, in a form acceptable to the Board) in respect of its Shares;
- (c) a duly executed Sale Agreement, if applicable, in the form specified in the Drag Along Notice or as otherwise specified by the Company;
- (d) in the case of a Called Securities Holder, duly executed Exercise Documents required to be provided by them; and
- (e) the Sale Information, in the form specified in the Drag Along Notice or as otherwise specified by the Company,

(together the "**Drag Documents**").

19.9 The Company (or its nominee) may receive, and give good receipt for, any consideration payable to any Called Shareholder in respect of the transfer of their Called Shares, which consideration shall be held by the Company (or its nominee) on trust for the benefit of such Called Shareholder. The Company shall be entitled to be paid from such consideration any amount otherwise due and payable by the Called Shareholder to any member of the Company's Group (including any payments due in connection with the exercise of any option to acquire Shares). The payment of the remaining balance of such consideration due to the relevant Called

Shareholder may, in the sole discretion of the Board, be withheld pending the delivery of any Drag Document(s) and the ratification by the Called Shareholder of the transfer of their Called Shares and/or any act undertaken on behalf of (or deemed to be undertaken by) such Called Shareholder in accordance with this Article 19.9 (*Drag-along*).

- 19.10 If a Called Shareholder fails to deliver the Drag Documents for their Shares to the Company by the Drag Completion Date, the Company (acting by any Director of the Company) shall be constituted the agent of such defaulting Called Shareholder with power and authority to take such actions and execute, enter into, and give effect to, any Drag Document(s), for and on behalf of and in the name of such defaulting Called Shareholder, in each case as the Board may determine to be necessary or desirable to effect (or otherwise in connection with) the transfer of the Called Shareholder's Shares pursuant to this Article 19 (*Drag-along*) and the Board shall, if requested by the Drag Purchaser, so authorise any Director to effect the transfer of the Called Shareholder's Shares on the Called Shareholder's behalf to the Drag Purchaser (or, if so directed by the Drag Purchaser, a nominee of such Drag Purchaser) on the Drag Completion Date. The Board shall authorise registration of the transfer once appropriate stamp duty (if any is required) has been paid and the Instrument of Transfer and certificate (or indemnity in a form acceptable to the Board) in respect of the Shares so transferred is delivered to the Company.
- 19.11 Any transfer of Shares to a Drag Purchaser pursuant to a sale in respect of which a Drag Along Notice has been duly served shall not be subject to the provisions of Article 14 (*Transfers of Shares subject to pre-emption rights*).
- 19.12 On any person, following the issue of a Drag Along Notice, becoming a Shareholder pursuant to the exercise of a pre-existing option or warrant to acquire shares in the Company or pursuant to the conversion of any convertible security of the Company (a "**New Shareholder**"), a Drag Along Notice shall be deemed to have been served on the New Shareholder on the same terms as the previous Drag Along Notice who shall then be bound to sell and transfer all Shares (save to the extent the relevant Shares were sold as part of the Dragged Share Sale on the Drag Completion Date by the New Shareholder, whether as a Called Securities Holder or otherwise) so acquired to the Drag Purchaser and the provisions of this Article shall apply with the necessary changes to the New Shareholder except that completion of the sale of the Shares shall take place on the later of: (a) the Drag Along Notice being deemed served on the New Shareholder; and (b) completion of the Dragged Share Sale on the Drag Completion Date.
- 19.13 Whether or not a transfer of Called Shares is validly made in accordance with this Article 19 (*Drag-along*) (including any determination as to whether a Sale Agreement satisfies the requirements of Articles 19.6 (*Drag-along*) and 19.7 (*Drag-along*) (including any determination as to what constitutes a Contribution Obligation and/or the Common Liabilities and/or whether the principles set out in Article 19.6(b) (*Drag-along*) are satisfied)) shall be determined by the Board and, save in the event of fraud, such determination shall be final and binding on all persons.
- 19.14 In the event that the Selling Shareholders, in connection with the Dragged Share Sale, appoint a third party independent shareholder representative (a "**Shareholder Representative**") with respect to the establishment and management of any escrow or holdback fund in connection with any indemnification or breach of warranty under the Sale Agreement (the "**Escrow**"), each Called Shareholder shall be deemed to consent to (i) the appointment of such Shareholder Representative, (ii) the establishment of the Escrow and (iii) the payment of such Called Shareholder's applicable portion (from the Escrow) of any reasonable and properly incurred fees and expenses of such Shareholder Representative, in each case in connection with such Shareholder Representative's services and duties in connection with the establishment and management of such Escrow.

20. **Directors' borrowing powers**

The Board may, with Investor Director Consent or Investor Majority Consent where required under the Shareholders' Agreement, exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and uncalled capital and to issue

debentures, debenture stock and other securities as security for any debt, liability of obligation of the Company or of any third party and to give any guarantees or indemnities.

21. Alternate Directors

21.1 Notwithstanding any provision of these Articles to the contrary, any person appointed as a Director (the "**Appointor**") may appoint any director or any other person as they think fit to be their alternate Director to:

- (a) exercise that Director's powers; and
- (b) carry out that Director's responsibilities in relation to the taking of decisions by the Board in the absence of the alternate's Appointor.

The appointment of an alternate Director shall not require approval by a resolution of the Board.

21.2 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the Appointor, or in any other manner approved by the Board.

21.3 The notice must:

- (a) identify the proposed alternate; and
- (b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the Director giving the notice.

21.4 An alternate Director may act as an alternate to more than one Director and has the same rights, in relation to any Directors' meeting (including as to notice) or Directors' written resolution, as the alternate's Appointor.

21.5 Except as these Articles specify otherwise, alternate Directors:

- (a) are deemed for all purposes to be Directors;
- (b) are liable for their own acts and omissions;
- (c) are subject to the same restrictions as their Appointors; and
- (d) are not deemed to be agents of or for their Appointors,

and, in particular, each alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which their Appointor is a member.

21.6 A person who is an alternate Director but not a Director:

- (a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's Appointor is not participating); and
- (b) may sign a Directors' written resolution (but only if their Appointor is an Eligible Director in relation to that decision, but does not participate).

No alternate Director may be counted as more than one Director for such purposes.

21.7 A Director who is also an alternate Director is entitled, in the absence of their Appointor, to a separate vote on behalf of each Appointor, in addition to their own vote on any decision of the Directors (provided that their Appointor is an Eligible Director in relation to that decision).

21.8 An alternate Director is not entitled to receive any remuneration from the Company for serving as an alternate Director, except such part of the alternate's Appointor's remuneration as the Appointor may direct by notice in writing made to the Company.

21.9 An alternate Director's appointment as an alternate Director shall terminate:

- (a) when the Appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
- (b) on the occurrence in relation to the alternate Director of any event which, if it occurred in relation to their Appointor, would result in the termination of the Appointor's appointment as a Director;
- (c) on the death of their Appointor; or
- (d) when their Appointor's appointment as a Director terminates.

22. **Appointment of Directors**

22.1 Unless and until the Company shall otherwise determine by ordinary resolution, the number of Directors shall not be more than 6.

22.2 The chief executive officer of the Company appointed by the Board from time to time shall be a Director (the "**CEO Director**").

22.3 The holders of a majority of the Series A Shares, for so long as the Series A Shares represent not less than 20 per cent of the Voting Shares in issue, shall have the right:

- (a) to appoint and maintain in office two natural persons as Directors (the "**Investor Directors**") and the other holders of Voting Shares shall not vote their Voting Shares so as to remove that Director from office; and
- (b) to appoint one natural person as an observer at each and any meeting of the Board who will be entitled to speak at any such meetings and receive copies of all board papers as if they were a Director but will not be entitled to vote (the "**Investor Observer**").

22.4 The holders of a majority of the Series A Shares, for so long as the Series A Shares represent not more than 20 per cent and not less than 10 per cent of the Voting Shares in issue, shall have the right:

- (a) to appoint and maintain in office one natural person as a Director (the "**Investor Director**") and the other holders of Voting Shares shall not vote their Voting Shares so as to remove that Director from office; and
- (b) to appoint one natural person as an observer at each and any meeting of the Board who will be entitled to speak at any such meetings and receive copies of all board papers as if they were a Director but will not be entitled to vote (the "**Investor Observer**").

22.5 The Founder, for so long as he, together with Rachel Anne Forder (and their Permitted Transferees) hold, in aggregate, not less than 20 per cent of the Voting Shares in issue, shall have the right to appoint and maintain in office two natural persons as Directors and the other holders of Voting Shares shall not vote their Voting Shares so as to remove that Director from office.

22.6 The Founder, for so long as he, together with Rachel Anne Forder (and their Permitted Transferees) hold, in aggregate, not more than 20 per cent and not less than 10 per cent of the Voting Shares in issue, shall have the right to appoint and maintain in office one natural person

as a Director and the other holders of Voting Shares shall not vote their Voting Shares so as to remove that Director from office.

22.7 The appointment or removal of a Director or Investor Observer in accordance with this Article 22 (*Appointment of Directors*) shall be by written notice from their appointer(s) to the Company, which shall take effect on delivery of such notice at the Company's registered office or at any meeting of the Board or committee of the Board.

22.8 Each Director and Investor Observer shall be entitled at their request to be appointed as a member or observer (as appropriate) to any committee of the Board established from time to time, to the board of directors of any Subsidiary Undertaking of the Company and to any committee of the board of directors of any Subsidiary Undertaking established from time to time.

23. **Disqualification of Directors**

23.1 In addition to that provided in article 18 of the Model Articles, the office of a Director shall also be vacated if:

(a) they are convicted of a criminal offence (other than a road traffic offence which is not punishable by a custodial sentence) and the Directors resolve that their office be vacated;

(b) in the case of a Director (other than a Director entitled to be appointed pursuant to Articles 22.3 (*Appointment of Directors*) to 22.6 (*Appointment of Directors*)):

(i) a resolution removing them from office is passed by the Board; or

(ii) an ordinary resolution removing them from office is passed by the members of the Company; or

(a) in the case of a Director appointed pursuant to Articles 22.3 (*Appointment of Directors*) to 22.6 (*Appointment of Directors*), if the person then having the right to nominate such Director to hold office either:

(i) serves notice on them in writing removing them from office; or

(ii) effects such steps for the removal of such Director from office as may be provided for in Article 22 (*Appointment of Directors*) or the Shareholders' Agreement.

24. **Proceedings of Directors' meetings**

24.1 The quorum for Directors' meetings shall be two Directors and which must include at least one Investor Director (if so appointed) and at least one Non-Investor Director (unless, in respect of any specified meeting, such Investor Director or Non-Investor Director expressly confirms in writing that their attendance is not required for such meeting to be quorate), save that where a Relevant Interest of a Director is being authorised by other Director(s) in accordance with section 175(5)(a) of the Act, such Director and any other interested Director shall not be included in the quorum required for the purpose of such authorisation but shall otherwise be included for the purpose of forming the quorum at the meeting. If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or at such time and place as determined by the Directors present at such meeting. If a quorum is not present at any such adjourned meeting within half an hour from the time appointed, then any two remaining Directors shall be entitled to form a quorum and the meeting shall proceed.

24.2 In the event that a meeting of the Directors is attended by a Director who is acting as alternate for one or more other Directors, the Director or Directors for whom they are the alternate shall

be counted in the quorum despite their absence, and if on that basis there is a quorum the meeting may be held despite the fact (if it is the case) that only one Director is physically present.

- 24.3 Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company at any time before or after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.
- 24.4 Provided (if these Articles so require) that they have declared to the Directors, in accordance with the provisions of these Articles, the nature and extent of their interest (and subject to any restrictions on voting or counting in a quorum imposed by the Directors in authorising a Relevant Interest), a Director may vote at a meeting of the Directors or of a committee of the Directors on any resolution concerning a matter in which they have an interest, whether a direct or an indirect interest, or in relation to which they have a duty and shall also be counted in reckoning whether a quorum is present at such a meeting.

25. **Directors' interests**

Specific interests of a Director

- 25.1 Subject to the provisions of the Act and provided (if these Articles so require) that they have declared to the Directors in accordance with the provisions of these Articles, the nature and extent of their interest, a Director may (save as to the extent not permitted by law from time to time), notwithstanding their office, have an interest of the following kind:
- (a) where a Director (or a person connected with them) is party to or in any way directly or indirectly interested in, or has any duty in respect of, any existing or proposed contract, arrangement or transaction with the Company or any other undertaking in which the Company is in any way interested;
 - (b) where a Director (or a person connected with them) is a director, employee or other officer of, or a party to any contract, arrangement or transaction with, or in any way interested in, any body corporate promoted by the Company or in which the Company is in any way interested;
 - (c) where a Director (or a person connected with them) is a Shareholder or a shareholder in, employee, director, member or other officer of, or consultant to, a Parent Undertaking of, or a Subsidiary Undertaking of a Parent Undertaking of, the Company;
 - (d) where a Director (or a person connected with them) holds and is remunerated in respect of any office or place of profit (other than the office of auditor) in respect of the Company or body corporate in which the Company is in any way interested;
 - (e) where a Director is given a guarantee, or is to be given a guarantee, in respect of an obligation incurred by or on behalf of the Company or any body corporate in which the Company is in any way interested;
 - (f) where a Director (or a person connected with them or of which they are a member or employee) acts (or any body corporate promoted by the Company or in which the Company is in any way interested of which they are a director, employee or other officer may act) in a professional capacity for the Company or any body corporate promoted by the Company or in which the Company is in any way interested (other than as auditor) whether or not they are or it is remunerated for this;
 - (g) an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest; or
 - (h) any other interest authorised by ordinary resolution.

Investor interests of Directors

25.2 In addition to the provisions of Article 25.1 (*Specific interests of a Director*), subject to the provisions of the Act and provided (if these Articles so require) that they have declared to the Directors in accordance with the provisions of these Articles, the nature and extent of their interest, they may (save as to the extent not permitted by law from time to time), notwithstanding their office, have an interest arising from any duty they may owe to, or interest they may have as an employee, director, trustee, member, partner, officer or representative of, or a consultant to, or direct or indirect investor (including by virtue of a carried interest, remuneration or incentive arrangements or the holding of securities) in:

- (a) an Investor;
- (b) a Fund Manager which advises or manages an Investor;
- (c) any of the funds advised or managed by a Fund Manager who advises or manages an Investor from time to time; or
- (d) another body corporate or firm in which a Fund Manager who advises or manages an Investor or any fund advised or managed by such Fund Manager has directly or indirectly invested, including any portfolio companies.

Interests of which a Director is not aware

25.3 For the purposes of this Article 25 (*Directors' interests*), an interest of which a Director is not aware and of which it is unreasonable to expect them to be aware shall not be treated as an interest of theirs.

Accountability of any benefit and validity of a contract

25.4 In any situation permitted by this Article 28 (save as otherwise agreed by them) a Director shall not by reason of their office be accountable to the Company for any benefit which they derive from that situation and no such contract, arrangement or transaction shall be avoided on the grounds of any such interest or benefit.

Terms and conditions of Board authorisation

25.5 Subject to Article 25.6 (*Terms and conditions of Board authorisation for an Investor Director*), any authority given in accordance with section 175(5)(a) of the Act in respect of a Director ("**Interested Director**") who has proposed that the Directors authorise their interest ("**Relevant Interest**") pursuant to that section may, for the avoidance of doubt:

- (a) be given on such terms and subject to such conditions or limitations as may be imposed by the authorising Directors as they see fit from time to time, including:
 - (i) restricting the Interested Director from voting on any resolution put to a meeting of the Directors or of a committee of the Directors in relation to the Relevant Interest;
 - (ii) restricting the Interested Director from being counted in the quorum at a meeting of the Directors or of a committee of the Directors where such Relevant Interest is to be discussed; or
 - (iii) restricting the application of the provisions in Articles 25.7 (*Director's duty of confidentiality to a person other than the Company*) and 25.8 (*Director's duty of confidentiality to a person other than the Company*), so far as is permitted by law, in respect of such Interested Director;
- (b) be withdrawn, or varied at any time by the Directors entitled to authorise the Relevant Interest as they see fit from time to time,

and subject to Article 25.6 (*Terms and conditions of Board authorisation for an Investor Director*), an Interested Director must act in accordance with any such terms, conditions or limitations imposed by the authorising Directors pursuant to section 175(5)(a) of the Act and this Article 25 (*Directors' interests*).

Terms and conditions of Board authorisation for an Investor Director

- 25.6 Notwithstanding the other provisions of this Article 28, it shall not (save with the consent in writing of an Investor Director) be made a condition of any authorisation of a matter in relation to that Investor Director in accordance with section 175(5)(a) of the Act, that they shall be restricted from voting or counting in the quorum at any meeting of, or of any committee of the Directors or that they shall be required to disclose, use or apply confidential information as contemplated in Article 25.8 (*Director's duty of confidentiality to a person other than the Company*).

Director's duty of confidentiality to a person other than the Company

- 25.7 Subject to Article 25.8 (*Director's duty of confidentiality to a person other than the Company*) (and without prejudice to any equitable principle or rule of law which may excuse or release the Director from disclosing information, in circumstances where disclosure may otherwise be required under this Article 25 (*Directors' interests*)), if a Director, otherwise than by virtue of their position as Director, receives information in respect of which they owe a duty of confidentiality to a person other than the Company, they shall not be required:

- (a) to disclose such information to the Company or to any Director, or to any officer or employee of the Company; or
- (b) otherwise to use or apply such confidential information for the purpose of or in connection with the performance of their duties as a Director.

- 25.8 Where such duty of confidentiality arises out of a situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company, Article 25.7 (*Director's duty of confidentiality to a person other than the Company*) shall apply only if the conflict arises out of a matter which falls within Article 25.1 (*Specific interests of a Director*) or Article 25.2 (*Investor interests of Directors*) or has been authorised under section 175(5)(a) of the Act.

Additional steps to be taken by a Director to manage a conflict of interest

- 25.9 Where a Director has an interest which can reasonably be regarded as likely to give rise to a conflict of interest, the Director shall take such additional steps as may be necessary or desirable for the purpose of managing such conflict of interest, including compliance with any procedures laid down from time to time by the Directors for the purpose of managing conflicts of interest generally and/or any specific procedures approved by the Directors for the purpose of or in connection with the situation or matter in question, including:

- (a) absenting themselves from any discussions, whether in meetings of the Directors or otherwise, at which the relevant situation or matter falls to be considered; and
- (b) excluding themselves from documents or information made available to the Directors generally in relation to such situation or matter and/or arranging for such documents or information to be reviewed by a professional adviser to ascertain the extent to which it might be appropriate for them to have access to such documents or information.

Requirement of a Director to declare an interest

- 25.10 Subject to section 182 of the Act, a Director shall declare the nature and extent of any interest permitted by Article 25.1 (*Specific interests of a Director*) or Article 25.2 (*Investor interests of Directors*) at a meeting of the Directors, or by general notice in accordance with section 184 (notice in writing) or section 185 (general notice) of the Act or in such other manner as the

Directors may determine, except that no declaration of interest shall be required by a Director in relation to an interest:

- (a) falling under Article 25.1(g) (*Specific interests of a Director*);
- (b) if, or to the extent that, the other Directors are already aware of such interest (and for this purpose the other Directors are treated as aware of anything of which they ought reasonably to be aware); or
- (c) if, or to the extent that, it concerns the terms of their service contract (as defined by section 227 of the Act) that have been or are to be considered by a meeting of the Directors, or by a committee of Directors appointed for the purpose under these Articles.

Shareholder approval

25.11 Subject to section 239 of the Act, the Company may by ordinary resolution ratify any contract, transaction or arrangement, or other proposal, not properly authorised by reason of a contravention of any provisions of this Article 25 (*Directors' interests*).

25.12 For the purposes of this Article 25 (*Directors' interests*):

- (a) a conflict of interest includes a conflict of interest and duty and a conflict of duties;
- (b) the provisions of section 252 of the Act shall determine whether a person is connected with a Director; and
- (c) a general notice to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified.

26. Notices

26.1 Subject to the requirements set out in the Act, any notice given or document sent or supplied to or by any person under these Articles, or otherwise sent by the Company under the Act, may be given, sent or supplied:

- (a) in hard copy form; or
- (b) in electronic form;

or partly by one of these means and partly by another of these means.

Notices shall be given and documents supplied in accordance with the procedures set out in the Act, except to the extent that a contrary provision is set out in this Article 26 (*Notices*).

Notices in hard copy form

26.2 Any notice or other document in hard copy form given or supplied under these Articles may be delivered or sent by first class post (airmail if overseas):

- (a) to the Company or any other company at its registered office; or
- (b) to the address notified to or by the Company for that purpose; or
- (c) in the case of an intended recipient who is a member or their legal personal representative or trustee in bankruptcy, to such member's address as shown in the Company's register of members; or

- (d) in the case of an intended recipient who is a Director or alternate, to their address as shown in the register of Directors; or
 - (e) to any other address to which any provision of the Companies Acts (as defined in the Act) authorises the document or information to be sent or supplied; or
 - (f) where the Company is the sender, if the Company is unable to obtain an address falling within one of the addresses referred to in (a) to (e) above, to the intended recipient's last address known to the Company.
- 26.3 Any notice or other document in hard copy form given or supplied under these Articles shall be deemed to have been served and be effective:
- (a) if delivered, at the time of delivery; or
 - (b) if posted, on receipt or 48 hours after the time it was posted, whichever occurs first.

Notices in electronic form

- 26.4 Subject to the provisions of the Act, any notice or other document in electronic form given or supplied under these Articles may:
- (a) if sent by email (provided that an address for email has been notified to or by the Company), be sent by the relevant form of communication to that address;
 - (b) if delivered or sent by first class post (airmail if overseas) in an electronic form (such as sending a disk by post), be so delivered or sent as if in hard copy form under Article 26.2 (*Notices*); or
 - (c) be sent by such other electronic means (as defined in section 1168 of the Act) and to such address(es) as the Company may specify:
 - (i) on its website from time to time; or
 - (ii) by notice (in hard copy or electronic form) to all members of the Company from time to time.
- 26.5 Any notice or other document in electronic form given or supplied under these Articles shall be deemed to have been served and be effective:
- (a) if sent by email (where an address for email has been notified to or by the Company), on receipt or 48 hours after the time it was sent, whichever occurs first;
 - (b) if posted in an electronic form, on receipt or 48 hours after the time it was posted, whichever occurs first;
 - (c) if delivered in an electronic form, at the time of delivery; and
 - (d) if sent by any other electronic means as referred to in Article 26.4(c) (*Notices in electronic form*), at the time such delivery is deemed to occur under the Act.

- 26.6 Where the Company is able to show that any notice or other document given or sent under these Articles by electronic means was properly addressed with the electronic address supplied by the intended recipient, the giving or sending of that notice or other document shall be effective notwithstanding any receipt by the Company at any time of notice either that such method of communication has failed or of the intended recipient's non-receipt.

Notice by means of a website

- 26.7 Subject to the provisions of the Act, any notice or other document or information to be given, sent or supplied by the Company to Shareholders under these Articles may with Investor Majority Consent be given, sent or supplied by the Company by making it available on the Company's website.

General

- 26.8 In the case of joint holders of a Share all notices shall be given to the joint holder whose name stands first in the register of members of the Company in respect of the joint holding (the "**Primary Holder**"). Notice so given shall constitute notice to all the joint holders.
- 26.9 Anything agreed or specified by the Primary Holder in relation to the service, sending or supply of notices, documents or other information shall be treated as the agreement or specification of all the joint holders in their capacity as such (whether for the purposes of the Act or otherwise).

27. Indemnities and insurance

- 27.1 Subject to the provisions of, and so far as may be permitted by, the Act:

- (a) every Director or other officer of the Company (excluding the Auditors) shall be entitled to be indemnified by the Company (and the Company shall also be able to indemnify directors of any associated company (as defined in section 256 of the Act)) out of the Company's assets against all liabilities incurred by them in the actual or purported execution or discharge of their duties or the exercise or purported exercise of their powers or otherwise in relation to or in connection with their duties, powers or office, provided that no current or former Director or current or former director of any associated company is indemnified by the Company against:

- (i) any liability incurred by the director to the Company or any associated company;
- (ii) any liability incurred by the director to pay a fine imposed in criminal proceedings or a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirements of a regulatory nature; or
- (iii) any liability incurred by the director:
 - (A) in defending any criminal proceedings in which they are convicted;
 - (B) in defending civil proceedings brought by the Company or any associated company in which final judgment (within the meaning set out in section 234 of the Act) is given against the director; or
 - (C) in connection with any application under sections 661(3) or 661(4) or 1157 of the Act (as the case may be) for which the court refuses to grant them relief,

save that, in respect of a provision indemnifying a director of a company (whether or not the Company) that is a trustee of an occupational pension scheme (as that term is used in section 235 of the Act) against liability incurred in connection with that company's activities as trustee of the scheme, the Company shall also be able to indemnify any such director without the restrictions in Articles 27.1(a)(i) (*Indemnities and insurance*), 27.1(a)(iii)(B) (*Indemnities and insurance*) and 27.1(a)(iii)(C) (*Indemnities and insurance*) applying; and

- (b) the Directors may exercise all the powers of the Company to purchase and maintain insurance for any such current or former Director or other officer against any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to the Company, or any associated company including (if they are a director of

a company which is a trustee of an occupational pension scheme) in connection with that company's activities as trustee of an occupational pension scheme.

27.2 The Company shall (at the cost of the Company) effect and maintain for each current or former Director or current or former director of any associated company policies of insurance insuring each such director against risks in relation to their office as each director may reasonably specify, including any liability which by virtue of any rule of law may attach to them in respect of any negligence, default of duty or breach of trust of which they may be guilty in relation to the Company.

28. **Secretary**

Subject to the provisions of the Act, the Board may appoint a secretary for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

29. **Authority to capitalise and appropriation of capitalised sums**

29.1 The Board may, in order to give effect to any provision of these Articles (or otherwise if authorised to do so by an ordinary resolution):

- (a) decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and
- (b) appropriate any sum which they so decide to capitalise (a "**Capitalised Sum**") to such Shareholders and in such proportions as the Board may in their absolute discretion deem appropriate (the "**Shareholders Entitled**").

29.2 Capitalised Sums may be applied on behalf of such Shareholders and in such proportions as the Board may (with Investor Majority Consent) deem appropriate.

29.3 Any Capitalised Sum may be applied in paying up new Shares up to the nominal amount (or such amount as is unpaid) equal to the Capitalised Sum, which are then allotted credited as fully paid to the Shareholders Entitled or as they may direct.

29.4 A Capitalised Sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are allotted credited as fully paid to the Shareholders Entitled or as they may direct.

29.5 Subject to these Articles the Board may:

- (a) apply Capitalised Sums in accordance with Articles 29.3 (*Authority to capitalise and appropriation of capitalised sums*) and 29.4 (*Authority to capitalise and appropriation of capitalised sums*) partly in one way and partly another;
- (b) make such arrangements as they think fit to deal with Shares or debentures becoming distributable in fractions under this Article 29 (*Authority to capitalise and appropriation of capitalised sums*); and
- (c) authorise any person to enter into an agreement with the Company on behalf of all of the Shareholders Entitled which is binding on them in respect of the allotment of Shares or debentures under this Article 29 (*Authority to capitalise and appropriation of capitalised sums*).

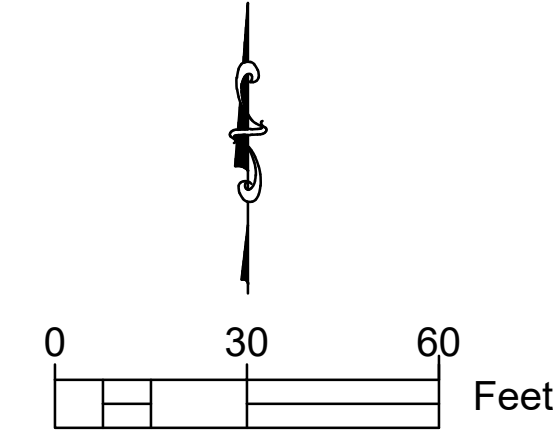
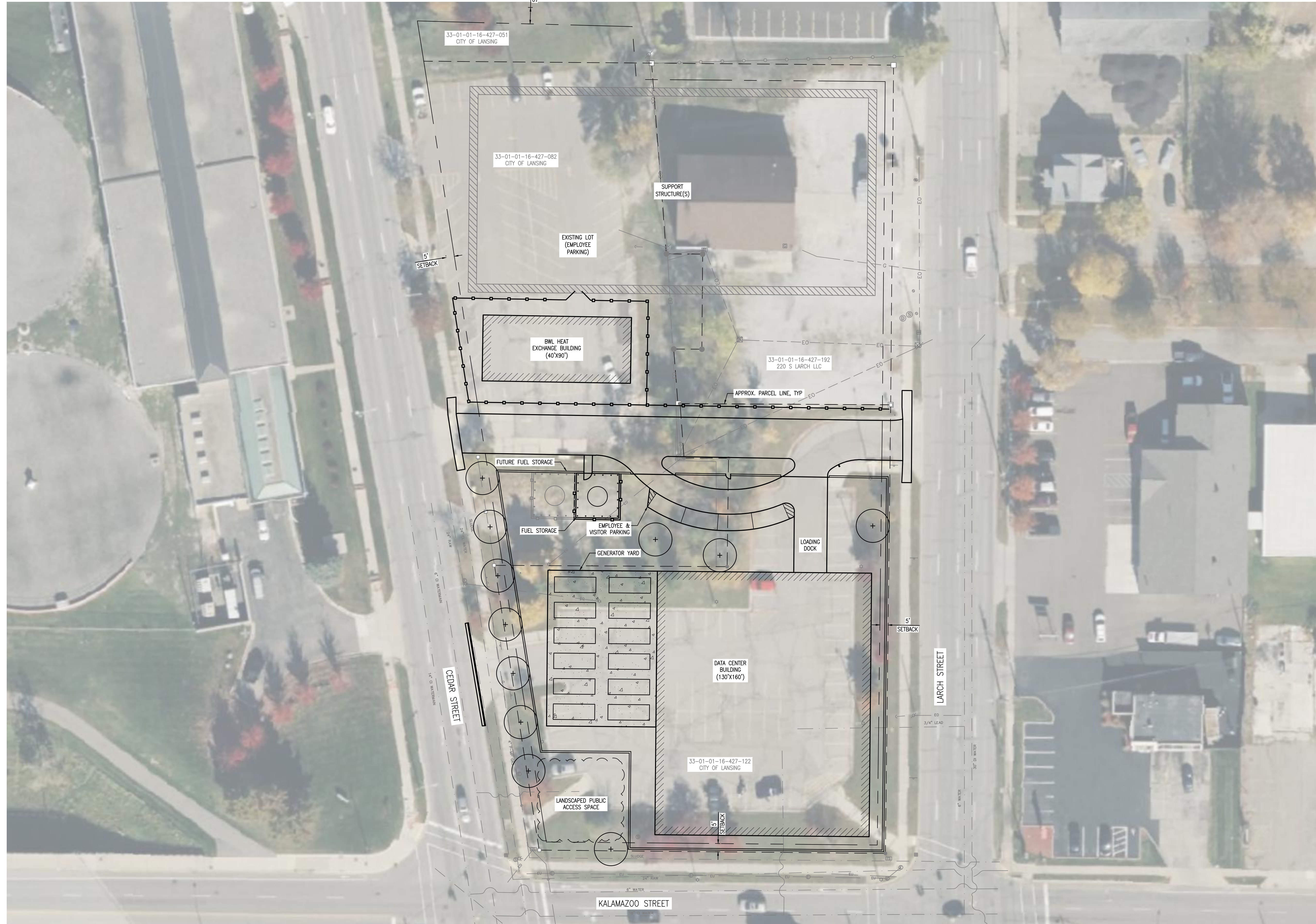
30. **New Holding Company**

30.1 In the event of a Holding Company Reorganisation approved by the Board with Investor Majority Consent (a "**Proposed Reorganisation**"), each of the Shareholders shall (i) consent to, vote

for, raise no objections to and waive any applicable rights in connection with the Proposed Reorganisation and (ii) take all such actions to tender their Shares as required pursuant to the Proposed Reorganisation (the "**Reorganisation Actions**"). The Shareholders shall be required to take all Reorganisation Actions with respect to the Proposed Reorganisation as are required by the Board to facilitate the Proposed Reorganisation. If any Shareholder fails to comply with the provisions of this Article 30 (*New Holding Company*), the Company shall be constituted the agent of each defaulting Shareholder for taking the Reorganisation Actions as are necessary to effect the Proposed Reorganisation and the Board may authorise any Director, officer or member to execute and deliver on behalf of such defaulting Shareholder the necessary documents to effect the Proposed Reorganisation, including any share exchange agreement and/or Instrument of Transfer.

- 30.2 The Company shall procure that the shares issued by the New Holding Company to the Shareholders (or any subsequent holder, as the case may be) pursuant to the Holding Company Reorganisation will be credited as fully paid as to the amount determined in accordance with this Article 30 (*New Holding Company*). Such New Holding Company shares shall be subject to the constitutional documents of the New Holding Company and otherwise (subject to the express provisions of such constitutional documents) shall have the same rights and obligations as all other New Holding Company shares of the same class in issue at the time (other than as regards any dividend or other distribution payable by reference to a record date preceding the date of issue of such New Holding Company shares).
- 30.3 On any person, following the date of completion of a Holding Company Reorganisation, becoming a Shareholder pursuant to any Relevant Securities or otherwise (a "**Post-Reorganisation Shareholder**"), the Post-Reorganisation Shareholder shall then be bound to do all such acts and things necessary in order to transfer to the New Holding Company all such resulting shares held by the Post-Reorganisation Shareholder, and the provisions of this Article 30 (*New Holding Company*) shall apply with the necessary changes to the Post-Reorganisation Shareholder.
- 30.4 The Company shall procure that, in respect of each Major Investor (except as otherwise agreed in writing by such Major Investor, acting reasonably):
- (a) it provides not less than 20 Business Days' prior written notice to the Major Investors of any Proposed Reorganisation (the "**Holding Company Notice**"); and
 - (b) following the date of the Holding Company Notice, it consults with such Major Investors in good faith and provides such information reasonably requested by such Major Investors in respect of such Proposed Reorganisation.
- 30.5 Article 30.1 (*New Holding Company*) shall not apply in respect of any of the Major Investors (except as otherwise agreed in writing by all Major Investors, acting reasonably) if it is determined pursuant to Articles 30.6 (*New Holding Company*) to 30.8 (*New Holding Company*) that any taxes will be payable and/or any tax filings will be required to be submitted by any one or more Major Investors or any one or more of their respective underlying partners, members, shareholders and/or other beneficial owners as a direct result of the transfer of its respective Shares to the New Holding Company and in such event, the Company and the Major Investors will discuss in good faith to find alternative ways to assess how to structure such Proposed Reorganisation in a manner acceptable to each of them in writing.
- 30.6 If, in a Major Investor's reasonable opinion following written advice from its legal adviser, accountant or tax adviser (as the case may be), such Major Investor determines that any taxes will be payable and/or any tax filings will be required to be submitted by such Major Investor or its underlying partners, members, shareholders and/or other beneficial owners as a direct result of the transfer of its Shares to the New Holding Company:
- (a) such Major Investor shall as soon as reasonably practicable notify the Company in writing and provide a copy of such written advice from its legal adviser, accountant or tax adviser (as the case may be) to the Company on a non-reliance basis;

- (b) the Company and each relevant Major Investor will discuss in good faith for a period of up to 15 Business Days (as may be extended between the Company and such Major Investor) following receipt of such written notice in Article 30.6(a) (*New Holding Company*) to find alternative ways to assess how to structure such Proposed Reorganisation in a manner acceptable to each of them in writing.
- 30.7 In the event that any Major Investor(s) and the Company cannot agree as to whether any taxes will be payable and/or whether any tax filings will be required to be submitted by any such Major Investor or its underlying partners, members, shareholders and/or other beneficial owners as a direct result of the transfer of its Shares to the New Holding Company and/or how to structure the relevant Proposed Reorganisation upon the expiry of the time limit set out in Article 30.6 (*New Holding Company*), the Company and the relevant Major Investor(s) shall appoint an expert to determine such tax treatment and opine on how to structure the relevant Proposed Reorganisation in accordance with Article 30.8 (*New Holding Company*) (the "**Expert**").
- 30.8 The Expert will be an independent firm of internationally recognized Chartered Accountants in England and Wales to be agreed in writing between the Company and the relevant Major Investor(s) or, failing agreement in writing of such firm not later than the date 5 Business Days after the expiry of the time limit set out in Article 30.6 (*New Holding Company*), an independent firm of Chartered Accountants to be nominated by the then President of the Institute of Chartered Accountants in England and Wales following a joint application by both the Company and one or more of the relevant Major Investors. Such Expert shall be requested to (a) determine the tax treatment of the Proposed Reorganisation in respect of the relevant Major Investor's Shares and opine on how to structure the relevant Proposed Reorganisation within 20 Business Days of its appointment based on any factors which such Expert reasonably believes should be taken into account and (b) notify the Board and relevant Major Investors of their determination. The Expert shall act as expert and not as arbitrator and its determination shall be final and binding on the parties (in the absence of fraud or manifest error). The Board will give the Expert access to all accounting records or other relevant documents of the Company subject to the Expert agreeing such confidentiality provisions as the Board may reasonably impose. The Expert shall deliver its certificate to the Company and the relevant Major Investor(s). The cost of obtaining the certificate shall be paid by the Company.



CONCEPTUAL SITE PLAN

MARTIN DEEP GREEN PROJECT
INGHAM COUNTY, MI

PHASE

CONCEPT

ISSUANCES

#	DESCRIPTION	DATE
1	CONCEPT	10/16/2025

PROJ. #: 25-0108
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Dear Council members,

During our Feb. 9 presentation to council, there were several requests for additional information about our proposed development. Please see below for additional information and clarification.

Power Use

The data center will have a total power supply capacity of 24MW, combining 8MW from the grid connection and 16MW of on-site fuel cells (see attached fuel cell FAQ document). Of the 24MW, 20MW will be dedicated to the data center's IT equipment, and 4MW will be used for ancillary services, predominantly cooling.

The site's high density and suitability for High Performance Compute (HPC) mean we expect high utilization factors for the hosted servers. The data center's electricity demand will increase gradually as the site is commissioned, before stabilising at a typical operating load of around 16–18 megawatts, with occasional peaks of up to 24MW. As a co-location facility hosting multiple independent customers, overall power use is naturally averaged across many users, resulting in a smooth and stable demand profile with fewer sharp peaks than a single-tenant site.

While there will be small variations in electricity use across the day and between seasons, consumption is expected to remain broadly consistent year-round, reflecting the continuous operation of digital services. Data centre efficiency is typically higher in winter months, when lower ambient temperatures reduce the need for mechanical cooling, further lowering energy use per unit of computing activity. At full operation, the site is expected to consume approximately 120–145 gigawatt-hours of electricity annually, comparable to a typical industrial facility.



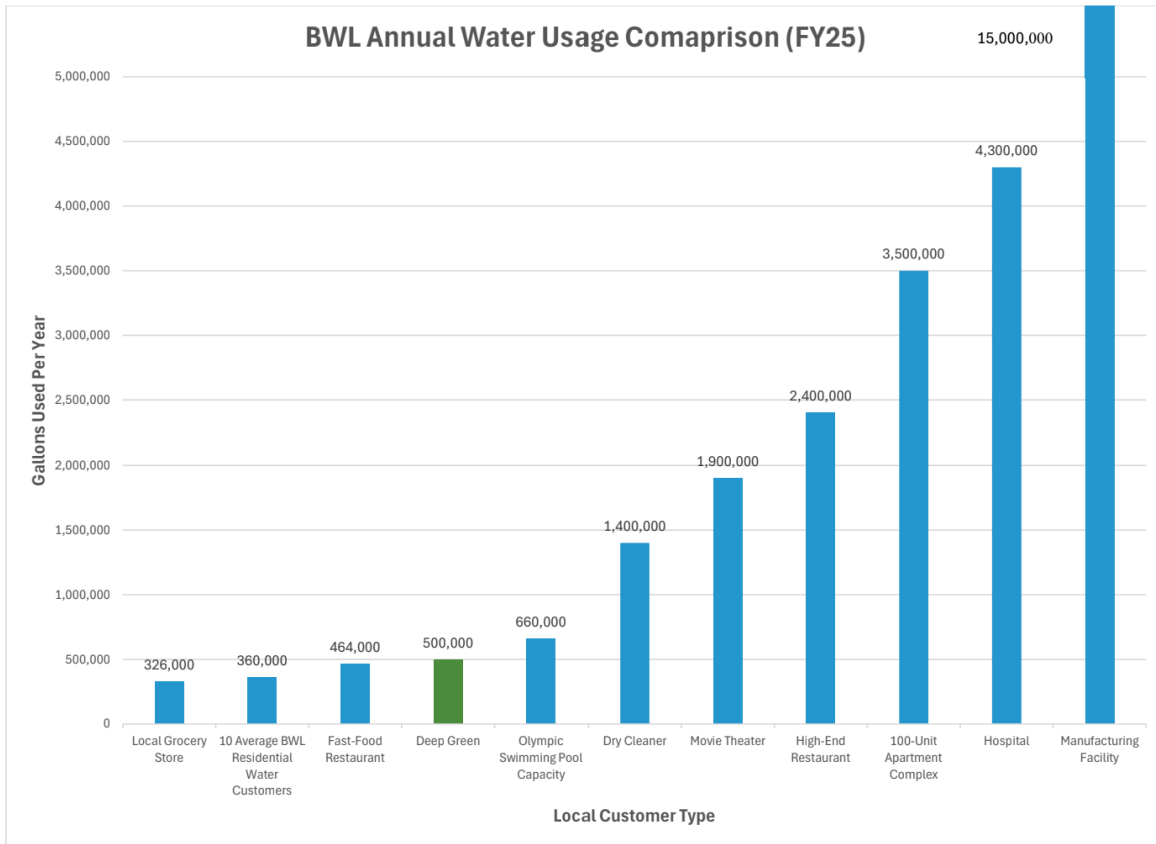
Water Use

Traditional data centre cooling relies on open-loop evaporative systems — essentially large cooling towers that continuously evaporate water to dissipate heat, requiring a constant fresh water supply to replace what is lost. A large conventional data centre can consume tens of millions of gallons per year this way.

The Deep Green site will use a closed-loop cooling system that works on a fundamentally different principle. Rather than evaporating water, it circulates a fixed volume of coolant through a sealed network of pipes that run directly to the servers and processing equipment. The coolant absorbs heat from the hardware, carries it away to a heat exchanger, sheds the heat to outside air via mechanical chillers or cooling coils, and then recirculates back to the servers in a continuous closed circuit — never evaporated, never discharged.

The critical distinction for the City of Lansing is what this means for local water resources. Because the coolant is never evaporated or discharged, water losses are minimal, and there is no dependency on a continuous fresh water supply as there would be with a conventional cooling tower system.

Deep Green has implemented these systems in the UK and is committing to apply the same principle in Lansing, with total annual water consumption kept below 500,000 gallons — a fraction of the millions of gallons a conventionally cooled facility of equivalent scale would consume. Deep Green plans to use a premixed coolant solution so as not to use BWL water within the closed loop system. The attached chart provided by the BWL compares our facility's estimated water use to other local customers.



The graph above is from BWL and shows the data center’s expected water use vs other use cases within Lansing. As you can see, the data center’s water usage is comparable to a fast-food restaurant or local grocery store.

Site Plan and Impact Studies

Preliminary site plans have provided to the city and were included in previous council packets. They are attached again for your review. Deep Green will follow all city rules and processes for our project review and will be happy to share analyses as the process moves forward.



Corporate Governance

Deep Green Technologies Ltd

- Official company records filed at UK Companies House:
<https://find-and-update.company-information.service.gov.uk/company/13601125>
- Officers listed at
<https://find-and-update.company-information.service.gov.uk/company/13601125/officers>
- Articles of Association attached.

Octopus

- Press article detailing Octopus Energy Generation's initial investment:
<https://octopus.energy/press/deep-green-investment/> .
- They have subsequently increased their investment in the business (as evidenced at Companies House above) and their commitment to fund capital expenditure to £500 million.

I hope this information helps inform your deliberations. Please let us know if you have any follow up questions or if we can provide anymore detail. Thank you.

Yours sincerely,

A handwritten signature in black ink, appearing to be "Mark Lee", written in a cursive style.

Mark Lee
Chief Executive Officer

BY THE COMMITTEE OF THE WHOLE
RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING

Act-7-2025, Sale of Real Property, Lot 49, 200 Block S Cedar Street

WHEREAS, the City of Lansing is the owner of three parcels of real property commonly known as 'Lot 49' and 'Lot 49a' (the "Property") located along the 200 block of South Cedar Street, Lansing, Michigan and legally described as:

PID # 33-01-01-16-427-122

S 1/2 R OF E 1/2 LOT 5 & N 1.5 R OF E 1/2 LOT 6, BLOCK 241 ORIG PLAT,
ALSO LOTS 1 THRU 7 INCL, JOHNS SUB REC L 1 P 51

PID # 33-01-01-16-427-082

LOT 8 JOHNS SUB, ALSO S 41.25 FT OF W 1/2 LOT 4, W 1/2 LOTS 5 & 6, AND
S 57.75 FT OF N 132 FT OF E 1/2 LOT 5 EXC E 114.5 FT BLOCK 241 ORIG
PLAT

PID # 33-01-01-16-427-051

S 2 R OF N 8 R OF W 1/2 LOT 4 BLOCK 241 ORIG PLAT; and

WHEREAS, sale of the Property is in the best interest of the City, the Property is not necessary for City operations, and the City will no longer incur the expenses associated with maintenance of the property; and

WHEREAS, in March 2023 the Property was appraised at One Million Four Hundred Fifty Thousand Dollars (\$1,450,000.00); and

WHEREAS, Deep Green Technologies USA LLC has submitted a request to purchase in the amount of One Million Four Hundred Thousand Dollars (\$1,400,000.00), subject to the terms of the sale agreement, the proceeds of which will go to the Parking Enterprise Fund; and

WHEREAS, the sale agreement was placed on file with the Clerk's Office November 14, 2025; and

WHEREAS, on December 2, 2025, the Planning Commission reviewed the location, character, and extent of the proposal in accordance with its Act 33 Review procedure, and voted 5-2 to recommend approval of Act-7-2025, Sale of Real Property, Lot 49, 200 Block South Cedar Street with the following recommended conditions:

1. All exterior mechanical equipment, including roof-mounted equipment and any proposed or future back-up generators, shall be screened behind a ten-foot tall masonry screen wall and utilize noise-dampening materials or methods to mitigate noise pollution stemming from site operations; and

2. Site operations shall not produce any nuisance impacts including noise, vibration, or fumes, on neighboring residential property; and

WHEREAS, the Committee of the Whole has reviewed the report and recommendation of the Planning Commission and concurs therewith.

NOW THEREFORE BE IT RESOLVED, the Lansing City Council hereby approves Act-7-2025, and approves the sale of the Property legally described as:

PID # 33-01-01-16-427-122

S 1/2 R OF E 1/2 LOT 5 & N 1.5 R OF E 1/2 LOT 6, BLOCK 241 ORIG PLAT,
ALSO LOTS 1 THRU 7 INCL, JOHNS SUB REC L 1 P 51

and

PID # 33-01-01-16-427-082

LOT 8 JOHNS SUB, ALSO S 41.25 FT OF W 1/2 LOT 4, W 1/2 LOTS 5 & 6, AND
S 57.75 FT OF N 132 FT OF E 1/2 LOT 5 EXC E 114.5 FT BLOCK 241 ORIG
PLAT

and

PID # 33-01-01-16-427-051

S 2 R OF N 8 R OF W 1/2 LOT 4 BLOCK 241 ORIG PLAT

For the sum of One Million Four Hundred Thousand Dollars (\$1,400,000.00), to Deep Green Technologies USA LLC.

BE IT FINALLY RESOLVED, that the Mayor, on behalf of the City, is authorized to execute all documents necessary to complete this transaction, subject to the prior approval as to content and form by the City Attorney.