

**MARIJUANA EXCISE TAX REBATE FUND
GRANT AGREEMENT
BETWEEN THE CITY OF ANN ARBOR,
THE ANN ARBOR HOUSING COMMISSION, AND
THE ANN ARBOR HOUSING DEVELOPMENT CORPORATION**

This Marijuana Excise Tax Rebate Fund Grant Agreement (“Agreement”), is entered into this _____ of _____, 2025, between the City of Ann Arbor, a Michigan municipal corporation, whose address is 301 E. Huron Street, Ann Arbor, Michigan 48103 (“City”), the Ann Arbor Housing Commission, a Michigan public body corporate, with offices at 2000 S. Industrial Hwy., Michigan 48104 (the “Commission”) and the Ann Arbor Housing Development Corporation, a Michigan non-profit corporation (“AAHDC”) (individually “Party” and collectively the “Parties”).

WHEREAS, the Ann Arbor Housing Development Corporation (AAHDC), a Michigan non-profit corporation, whose sole member is the Commission, was formed with the stated purpose of relieving a shortage of decent, safe and sanitary housing for persons of low income in the City of Ann Arbor and to engage in or assist in the development, financing or operation of such low-income housing as an instrumentality of the Commission.

Whereas, The City and the Commission allocate funding to community-based organizations for the purpose of delivering important human services;

Whereas, The City of Ann Arbor FY26 budget includes revenue from the State of Michigan’s Marijuana Excise Tax Rebate in the amount of \$776,000.00 (the “Rebate”), allocated to the Commission for specific purposes as outlined in the Fiscal Year 2026 Budget Amendments approved by City Council on May 19, 2025 (“Budget Amendments”).

Whereas, On March 15, 2021, City Council resolved in [R-21-098](#) to allocate the Rebate for such purposes specifically related to restorative and alternative strategies for public safety and community support;

Whereas, This Grant Agreement seeks to grant the full Rebate amount of \$776,000 (“Grant Funds”) to the Commission for distribution by the AAHDC for the purposes specified in the Budget Amendments, which align with the goals of R-21-098.

The Parties agree as follows:

1. **GRANT.** City agrees to grant to the Commission the amount of Seven Hundred Seventy-Six Thousand Dollars and No/100 (\$776,000) for distribution by the AAHDC to be used for purposes consistent with City Council Resolution R-21-098 (the “Grant”).
2. **DURATION.** The Term of this Grant Agreement is for Fiscal Year 2026, from July 1, 2025 through June 30, 2026.

3. **USE OF GRANT.** The Commission and AAHDC shall administer use of the Grant. The Grant Funds shall be distributed in accord with the Fiscal Year 2026 budget appropriations, as follows:

- \$75,000 – Support of the community space at 121 Catherine Street.
- \$136,000 - Eviction prevention, including direct payments for back-owed rent, court fees and associated costs for households in danger of losing their housing due to back-owed rent. Up to five percent (5%) of this amount may be used for the Commission and/or AAHDC’s related administrative costs.
- \$565,000 – Rising Hope Housing Program, including trauma-informed eviction prevention, housing stabilization, and other flexible, needs-based supports for returning citizens and individuals impacted by the criminal legal system, essential and dignity-supporting services and items, including but not limited to housing assistance, car repairs, transportation costs, childcare necessities, diapers and care seats, utility assistance, debt relief, legal advocacy, mental and behavioral health services, peer support, and case management, provided they support the overall stability and reintegration of returning citizens and their families. Up to five percent (5%) of this amount may be used for Commission and/or AAHDC’s related administrative costs.

4. **REPORTING.** AAHDC and the Commission shall cooperate fully with the City to evaluate and monitor the performance of the work funded in whole or part by the Grant and further agree to do the following:

- a. Provide such information and reports, oral or written, as may reasonably be required by the City, responding to City Council or City Administration with any requested detailed financial reporting related to the expenditure of the Grant Funds, at any time.
- b. Be responsible for all public-facing reports published on the City’s website, per city council directive, if any.
- c. Provide AAHDC financials to be included in the AAHC and City audits.
- d. Provide a mid-year report to City Council and City Administration on or before February 5, 2026 with the following details:
 - i. List of agencies which received funding
 - ii. Total dollar amount of funding disbursed to each agency
 - iii. Description of the scope of services provided by each agency
 - iv. Report of total six-month expenditures for each agency
- e. Maintain records regarding the expenditures of Grant Funds for a period of five years after completion of the work for which the funds are used.

5. **AMENDMENTS.** This Agreement may be amended only by a written agreement executed by the Parties.

6. **AAHDC CORPORATE STRUCTURE.** The terms of this Agreement are contingent upon the AAHDC maintaining its corporate structure, effective at the time of execution of this Agreement, whereby the Commission is its sole member and the corporation's stated purpose remains to engage in or assist in the development, financing or operation of such low-income housing as an instrumentality of the Commission. Any change in corporate membership or purpose shall render this Agreement void and unenforceable.

7. **INDEMNIFICATION.**

- a. AAHDC and the Commission hereby agree to defend, indemnify, reimburse and hold harmless City, its appointed and elected officials, agents and employees for, from and against all liabilities, claims, judgments, suits or demands for damages to persons or property arising out of, resulting from, or relating to the work performed under this Agreement ("Claims"), unless such Claims have been specifically determined by the trier of fact to be the sole negligence or willful misconduct of the City. This indemnity shall be interpreted in the broadest possible manner to indemnify City for any acts or omissions of AAHDC and the Commission or its contractors either passive or active, irrespective of fault, including City's concurrent negligence whether active or passive, except for the sole negligence or willful misconduct of City.
- b. AAHDC and the Commission's duty to defend and indemnify City shall arise at the time written notice of the Claim is first provided to City regardless of whether Claimant has filed suit on the Claim. AAHDC and the Commission's duty to defend and indemnify City shall arise even if City is the only Party sued by claimant and/or claimant alleges that City's negligence or willful misconduct was the sole cause of claimant's damages.
- c. AAHDC and the Commission will defend any and all Claims which may be brought or threatened against City and will pay on behalf of City any expenses incurred by reason of such Claims including, but not limited to, court costs and attorney fees incurred in defending and investigating such Claims or seeking to enforce this indemnity obligation. Such payments on behalf of City shall be in addition to any other legal remedies available to City and shall not be considered City's exclusive remedy.
- d. Insurance coverage requirements specified in this Agreement shall in no way lessen or limit the liability of the AAHDC and the Commission under the terms of this indemnification obligation. The AAHDC and the Commission shall obtain, at their own expense, any additional insurance that it deems necessary for the City's protection.
- e. This defense and indemnification obligation shall survive the expiration or termination of this Agreement.

8. **NONDISCRIMINATION.** AAHDC agrees to comply, and to require any service providers to comply, with the nondiscrimination provisions of MCL 37.2209 as well as the provisions of the federal Immigration Reform and Control Act of 1986. AAHDC further agrees to comply with the nondiscrimination provisions of Chapter 112 of the Ann Arbor City Code and to assure that applicants are employed and treated during employment in a manner which provides equal employment opportunity.

9. **LIVING WAGE.** If a services provider of AAHDC is a "covered employer" as defined in Chapter 23 of the Ann Arbor City Code, then the AAHDC agrees to require contractor's compliance with the living wage provisions of Chapter 23 of the Ann Arbor City Code. AAHDC agrees to pay those

employees providing Services to the City under this Agreement a “living wage,” as defined in Section 1:815 of the Ann Arbor City Code, as adjusted in accordance with Section 1:815(3); to post a notice approved by the City of the applicability of Chapter 23 in every location in which regular or contract employees providing services under this agreement are working; to maintain records of compliance; if requested by the City, to provide documentation to verify compliance; to take no action that would reduce the compensation, wages, fringe benefits, or leave available to any employee or person contracted for employment in order to pay the living wage required by Section 1:815; and otherwise to comply with the requirements of Chapter 23.

10. **CONFLICT OF INTEREST.** No employee, officer or elected or appointed official of the City and no immediate relative (spouse, parent, sibling, or child) of any such person, has or shall have any financial interest in this Agreement. Except for salaries and expenses which may be paid with funds provided under this Agreement, no employee, officer or director of the Commission or AAHDC and no immediate relative (spouse, parent, sibling or child) of any such person has or shall have any financial interest in this Agreement.

11. **PROCUREMENT.** AAHDC and the Commission shall be responsible for procurement, under their own procurement rules and regulations, and in compliance with all state and federal laws and regulations, of all services for which Grant funds are used.

12. **PUBLIC ACT 20 COMPLIANCE.** AAHDC and the Commission shall be responsible for compliance with Michigan Public Act 20 of 1943, MCL 129.91 *et. seq.*, and all other federal and state laws regarding fiduciary duties with respect to public funds.

13. **SUSPENSION/TERMINATION.** If AAHDC or the Commission fails to comply with the terms of this Agreement, the City may declare this Agreement suspended or terminated. Thereafter, the City shall have no obligation to provide further funds to the AAHDC and the Commission. The termination shall not relieve the AAHDC and the Commission of its obligations to prepare or preserve its records and to make them available for audit or inspection. The City shall provide reasonable notice to the AAHDC and the Commission indicating the reasons for its actions before suspension or termination.

14. **SEVERABILITY OF PROVISIONS.** Whenever possible, each provision of this Agreement will be interpreted in a manner as to be effective and valid under applicable law. However, if any provision of this Agreement or the application of any provision to any Party or circumstance will be prohibited by or invalid under applicable law, that provision will be ineffective to the extent of the prohibition or invalidity without invalidating the remainder of the provisions of this Agreement or the application of the provision to other Parties or other circumstances.

15. **CHOICE OF LAW AND FORUM.** This Agreement shall be governed and controlled in all respects by the laws of the State of Michigan, including interpretation, enforceability, validity and construction. The Parties submit to the jurisdiction and venue of the Circuit Court for Washtenaw County, State of Michigan, or, if original jurisdiction can be established, the United States District Court for the Eastern District of Michigan, Southern Division, with respect to any action arising, directly or indirectly, out of this Agreement or the performance or breach of this Agreement. The Parties stipulate that the venues referenced in this Agreement are convenient and waive any claim of non-convenience.

16. **ASSIGNS AND SUCCESSORS.** This contract is binding on the City, the Commission and AAHDC, their successors and assigns. The Parties agree they will not assign or transfer their interest in this contract without the written consent of the other Parties.

17. **EXTENT OF AGREEMENT.** This Agreement, together with any affixed exhibits, schedules or other documentation, constitutes the entire understanding between the Parties with respect to the subject matter of the Agreement and it supersedes all prior representations, negotiations, agreements or understandings whether written or oral. Neither Party has relied on any prior representations, of any kind or nature, in entering into this Agreement. This Agreement may be altered, amended or modified only by written amendment signed by the Parties.

18. **NO AUTHORITY TO BIND CITY TO CONTRACTS:** AAHDC and the Commission lacks any authority to bind the City on any contractual matters. Final approval of all contractual matters that purport to obligate the City must be executed by the City in accordance with the City's Charter.

19. **SIGNATURES:** The Parties agree that signatures on this Agreement may be delivered electronically or by facsimile in lieu of a physical signature and agree to treat electronic or facsimile signatures as binding. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement.

Signatures appear on the following pages.

FOR THE CITY OF ANN ARBOR

By _____
Christopher Taylor, Mayor

By _____
Jacqueline Beaudry, City Clerk

This ____ day of _____, 2025

Approved as to substance:

By _____
Milton Dohoney Jr., City Administrator

By _____
Marti Praschan, Chief Financial Officer

Approved as to form and content:

By _____
Atleen Kaur, City Attorney

FOR THE ANN ARBOR HOUSING COMMISSION

By: _____
Jennifer Hall
Executive Director

FOR THE ANN ARBOR HOUSING DEVELOPMENT CORPORATION

By: _____
Jennifer Hall
Executive Director, Ann Arbor Housing Commission, Its Sole Member