

Statement from April Clobes, MSUFCU CEO and President, to ELi, April 19, 2021

Representatives of MSUFCU, including our chief counsel, VP for Infrastructure Planning, and construction project managers had conversations with Paul Vlahakis concerning the Credit Union's plans for construction of a new building in August and September 2020, while the site plan and special use permit were under review. The Credit Union understood those discussions to be amicable but incomplete for the simple reason that time would be needed after site plan approval (which came on September 23, 2020) to prepare construction plans and consider alternatives for construction to minimize the effect on neighbors. The design of the new building, of course, responded to the apparent plans for redevelopment of Dublin Square with a multistory building.

In 2018 into the fall of 2019, Mr. Vlahakis pursued a series of proposals for redevelopment for a 12-story mixed use building to include Dublin Square, the DDA property, and Parking Lot 4. (He did not have a purchase agreement for Parking Lot 4.) In April 2019, he changed the proposal to a nine-story mixed-use building on the DDA property alone. (That modified proposal for the DDA property was not approved by City Council.) The City subsequently entered into a purchase agreement with the Credit Union for Parking Lot 4.

After Council approval of its site plan, the Credit Union and its architects began the more detailed final site plan and construction drawings, including planning to ensure adjacent property could be kept safe.

As that work was still underway and the day before the scheduled closing, the Credit Union received a letter from attorneys on behalf of Mr. Vlahakis making various demands and directives with respect to the construction. The issues were ones we were working on. Although the letter warned of court action against the Credit Union, we asked Mr. Vlahakis

and his attorney to discuss with us ways to reduce the effects in terms of noise and time of construction. We recognize that there are real and difficult problems with any construction in a congested downtown. Through the latter part of November and December 2020 into January of this year, we followed up on several occasions, providing details of the construction plans and requesting a response. In the meantime, counsel for Mr. Vlahakis discovered he had a conflict and said he would withdraw when Mr. Vlahakis had a new attorney.

At the end of the first week of January 2021, new counsel wrote to propose reopening discussions. We agreed. In the first call, Mr. Vlahakis complained repeatedly of lack of communication, but we did discuss some construction issues. The Credit Union suggested a limited easement to go a few feet onto the property, which could speed construction and minimize disruption. We made clear that no construction that could in any way endanger people, in particular setting the precast panels on the north side of the building, would take place while the patio was open.

The Credit Union and its contractor prepared answers to follow-up questions that Mr. Vlahakis asked during the meeting. Before any further discussion of construction, however, Mr. Vlahakis instead proposed a joint development under which he and his partner, CRG from Chicago, would purchase Parking Lot 4 and construct a single building covering both Dublin Square and Parking Lot 4 and including the Credit Union, or have the Credit Union withhold any development of its property until he was prepared to redevelop Dublin Square simultaneously. The combined development would be 138 feet in height with 265 apartments with 630 beds and 220 parking spaces in addition to the Credit Union's space. If agreement could not be reached for joint development, Mr. Vlahakis said he would not provide any construction easement. In our telephone discussion on February 19, 2021 Mr. Vlahakis said he would be meeting promptly with City staff to discuss redevelopment of his property and asked that the Credit Union attend any such meeting, which the Credit Union agreed to do. We have yet to be invited to such a meeting.

The Credit Union entered into an agreement with the City, approved by the voters (by almost 70%), to purchase Parking Lot 4 for its appraised market value and to build a Credit Union and offices between five and eight stories. The Credit Union has worked diligently to develop the property in just that fashion. We do not believe that what Mr. Vlahakis proposed for a building to include the Credit Union, which was of a type and scale that he has proposed in the past, is consistent with those approvals. Knowing that the development process does take time, we do not fault Mr. Vlahakis, but we have not seen, nor has the City seen, his proposed redevelopment of Dublin Square alone. We do not think we should simply wait.

Given his warnings, we asked our architects to reduce the size of the building by three feet along the north side to avoid any encroachment during construction. In discussions with City staff, it was suggested that use of part of the DDA property to the west for a staging area could help to ensure that there was no encroachment and might speed up construction. That was also consistent with the DDA's plans for demolition and redevelopment of its properties. The Credit Union agreed to split the cost of demolition and to pay for the use of the property during the 19 months of construction.

That agreement was approved at the end of March, and at the end of last week, with revised and more complete plans in hand, the Credit Union and its contractors had an initial meeting with City staff to discuss logistics and staging. That discussion included planning for outreach to neighbors on access, control of construction, and communications with both the neighbors and public. We have time before construction starts to do that and we are starting that work now, including communications to Mr. Vlahakis through his attorneys. We hope that we will be able to discuss the construction, not just joint development, with Mr. Vlahakis.

One final note – Mr. Vlahakis has said on a number of occasions that the Credit Union met with Peoples Church but not with him, although the Church is farther away. I was invited to the Church to speak on February 16, 2020. The topic was the history of the Credit Union and community philanthropy. A presentation was not made on the construction project as we did not have any plans approved by the City of East Lansing. They were just being finalized.