

Local Development Finance Authority

Regular Meeting Minutes

Monday, April 14, 2014
4:00 p.m., Council Chambers
South Haven City Hall



City of South Haven

1. Call to Order by Bolt at 4:00 p.m.

2. Roll Call

Present: Erdmann, Gawreliuk, Klavins, Valentine, Varney, Bolt

Absent: Henry, Herrera, Kerber, Rainey

3. Approval of Agenda

VandenBosch requested the addition to the agenda of Item 11a. Fencing Expense.

Motion by Valentine, second by Klavins to approve the agenda as amended.

All in favor. Motion carried.

4. Approval of Minutes – March 10, 2014 Regular Meeting

Motion by Erdmann, second by Klavins to approve the March 10, 2014 Regular Meeting Minutes as written.

All in favor. Motion carried.

5. Interested Citizens in the Audience Will be Heard on Items Not on the Agenda

None at this time.

6. Financial Report

VandenBosch reviewed the Financial Reports.

Motion by Gawreliuk, second by Klavins to approve the financial reports as presented.

All in favor. Motion carried.

7. 220 Aylworth Avenue Offer

VandenBosch said the realtor we are working with received an offer of \$25,000 for almost two (2) acres of the site, and noted that there are no seller expenses for utility connections.

Because this property has a large building, rather than vacant land, VandenBosch stated he would usually work with an attorney to put together a proposal for a sale. This time the city is working with a realtor so any offers that come in will be going to this board for approval.

VandenBosch noted that our listing price for the entire property is \$750,000. VandenBosch has a few thoughts on the site. We have a number of people who have looked at the Bohn site, some of whom certainly have at least a warm interest in purchasing the site. One has a fairly substantial investment in mind for the site. Another has a proposal that could mean forty (40) to fifty (50) potential jobs. In particular, the interested party with the large investment in mind needs the entire site and would have setback problems if they did not have the entire site.

VandenBosch noted that this purchase agreement is a valid offer. This board's response could be to counter with a dollar amount; the response could be to say we do not want to split it off at this time but there is an agreement with a broker so we cannot just say we are not selling it.

Bolt requested comment from Cindy Compton, the realtor with whom the city has an agreement.

Compton noted that over the winter she got to know the building pretty well. During the MLS listing there have been two (2) client hits and many broker hits. Compton stated that she conducted seven tours, not including going in there with some trades. Had two people into the office building with some interest in the vacant portion. Prospects we have been working with say it would not stop them if the property did not include that portion.

Compton noted that lack of access to rail has been an issue for some potential buyers. One current inquiry is a consultant out of Florida. Of the prospects that have been through two (2) are food processors.

One processor who has been in the building the most has, according to Compton, been processing for over a year and has more than doubled his processing during that time. He has been working with others to utilize the entire building by bringing in more than one business.

Compton continued, "We have had two manufacturers in the building, one from Allegan and one from Kalamazoo." The general feedback is that the building is large and most all who have been interested would want to have more than one business in there.

Compton noted that the big question from potential buyers is the trench and that it was hard to get around the building due to the snow. Compton voiced appreciation for the cooperation of city staff in keeping access available during the snow season.

Bolt asked about the current proposal. Compton said the person who made the offer is a local doctor who lives around the corner from the property and does not have any business plan for it. The potential buyer just wants the property to putter around on. Compton noted that the potential buyer would have expense in providing water for it. There is a clause in the sales agreement that he would pay for any required environmental work.

Compton said any of the potential buyers we have had said they would not have use for the whole property, so would eventually want to do a split. Discussion ensued about the reasons for interest and cost of hookups for utilities.

Bolt pointed out that the sales agreement lists South Haven Redevelopment as the seller and since that is who the city purchased the property from he hopes no one is going to pay them again. Compton commented that she had not noticed that and will see that it is corrected.

Valentine reiterated that the property's entire list price was \$750,000 and this is an offer for \$25,000 for 2.5 acres and a pole building. Valentine does not see the advantage to the LDFA (Local Development Finance Committee) for the sale.

VandenBosch said at the time a previous party was interested our initial offer was \$100,000, plus the substantial cost for utilities. That proposal would bring about ten (10) jobs.

Bolt asked Compton her feelings regarding whether or not the LDFA (Local Development Finance Committee) accepted this proposal. Compton stated that it would not offend her if the LDFA (Local Development Finance Committee) turned down this offer. Valentine suggested that the LDFA (Local Development Finance Committee) could counter, however she does not see an advantage.

Varney asked whether timing of looking at the property would affect things. Compton said while it does make a difference with residential sales, it does not seem to matter with business lookers.

Klavins asked where the person who made the offer wants his access to be from. VandenBosch said the proposed easement on the west is intended to provide easement to any others.

Varney said we have seventeen (17) acres and the proposal is for two acres for \$25,000. Klavins said the potential buyer wants the property for personal uses, which does not bring jobs. Valentine reminded that there is not money available to buy more industrial land. Varney projected what the total would be if all seventeen (17) acres were sold for that price of two (2) acres for \$25,000. Compton noted the land valuation done by Shea in 2010. Erdmann is concerned how splitting this acreage off will potentially affect a future buyer who wants the whole property and how it will affect the access for the entire property.

Klavins mentioned that this price could affect future buyers who might want to buy the rest at a similar price.

Valentine thinks it is premature to subdivide it. Klavins noted that the purpose or use of the potential buyer does not fit the board's purpose in acquiring, developing and selling land.

Motion by Valentine to reject the offer because it is premature to subdivide at this time. Second by Erdmann.

All in favor. Motion carried.

8. Economic Development Report

McCloughan gave an overview of economic development activities.

10. General Comments

There were none.

11. Executive Session

The Local Development Finance Authority will move to a closed session under Section 8(d) of the Open Meetings Act to discuss a potential real estate acquisition.

Motion by Klavins, second by Erdmann to move to closed session.

A roll call vote was taken.

After discussion the board adjourned and moved to open session.

11a. Fence Expenditure

Bolt is concerned about liability and commented that if the building falls now the city has not taken action so is not liable. "If the city puts a fence up and someone goes over it and the building falls or someone is injured what is the city's liability?" VandenBosch responded that the attorney said the city is in trouble both ways but having the fence is the better of the two scenarios. Bolt commented that his impression is that this process will drag on.

Valentine said she called the police Saturday evening. Overhead doors have been left standing open and there have been kids going in and out. Valentine queried whether it would be possible to ask the police to patrol that area more routinely.

Bolt noted that survey flags have turned up on the subject site. VandenBosch said the city is in the process of having the property surveyed and doing initial environmental surveying in the area. VandenBosch said the fence will be a special assessment.

Erdmann asked if it is possible that the city could pay for this fence out of the general fund. VandenBosch responded that he is asking the board if they want to be in the lead of resolving this problem. "Have we (the LDFA) been asked by City Council to do this?" VandenBosch asked, and responded "Not yet but we (the LDFA) probably will be." Erdmann noted that \$25,000 is not small change.

Motion by Erdmann to postpone paying for a fence until the City Council has a chance to discuss it themselves. Varney asked if the City Council has discussed it. VandenBosch responded that the council has discussed it but it was in executive session. Varney commented that she would like to know if the city is going to step up for something like this.

Second by Varney.

Varney says if the city has something in mind, we should be working together. Erdmann would like to see the city decide whether the city is going to pay for it or not.

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All in favor. Motion carried.

12. Adjourn

Motion by Klavins, second by Valentine to adjourn at 4:57 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom
Recording Secretary