

# Local Development Finance Authority

## Regular Meeting Minutes

Monday, June 8, 2015  
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: Dotson, Gawreliuk, Klavins, Schaeffer (4:10 p.m.), Timmer, Valentine, Bolt  
Absent: Erdmann, Henry, Herrera

Also present: Jack McCloughan, Economic Development Director

### 3. Approval of Agenda

Motion by Klavins, second by Dotson to approve the June 8, 2015 regular meeting agenda with Item 9 moved to the beginning of the list.

All in favor. Motion carried.

### 9. 2nd Avenue Utility Incentive

VandenBosch explained the original utility incentive, which expired on May 9, 2015, and is no longer in place. Funds were transferred to the Water & Sewer Fund, so the money is still available. There is a potential project which has been being worked on for quite a while. Michigan Blueberry Growers has brought in partners, Hanson Logistics and Dole, to build a freezer cold storage.

Jason Bransteter, Tippmann Group: Represents both Michigan Blueberry Growers (MBG) and Hanson Logistics. For the past six (6) months his company has been doing a study on the forty (40) acres of land owned by Michigan Blueberry Growers. Explained that Michigan Blueberry Growers and Hanson, along with Dole, will be partnering on this site.

Bransteter explained that the Tippmann Group designs and builds food storage and processing companies around the country. Tippman also manages cold storage facilities and are the third largest in the nation. Tippmann both competes with Hanson and builds for Hanson. The scope of the project has definitely changed since the previous incentive was discussed.

VandenBosch pointed out the site plan aerial that overlays the project and explained some of the details.

Bransteter noted that Hanson will purchase twenty-five (25) acres from Michigan Blueberry Growers, which will retain the balance of the land, fifteen (15) acres. Hanson will take the east portion, build the facility and partner with Dole to be moved into this operation. Dole will lease about fifty thousand (50,000) square feet from Hanson's to produce their goods and feed it directly into Hanson's facility for cold storage. On the other side will be a one hundred thousand (100,000) square feet food processing center for Michigan Blueberry Growers. Both entities will have plenty of room for expansion on the site.

Bransteter commented that in Hobart, Indiana the Tippmann Group started a facility similar to this project five (5) years ago and they have continued to expand almost every year. There was an incentive to Michigan Blueberry Growers which ran out in May; the developers are requesting an extension of that incentive. We are getting closer; sale of the land seems imminent, within the month. There were meetings in California last week and there are meetings scheduled this week to get the project moving forward.

VandenBosch noted that staff has written a resolution; the terms of the resolution gives six (6) months for construction to begin. And the incentive, not to exceed one hundred fifty thousand dollars (\$150,000), is a credit toward city water and sanitary fees and will be awarded to the first applicant for city water and sewer on that site.

Bolt pointed out this is not an extension; this is a new incentive. Valentine asked if this incentive can be split between entities. VandenBosch explained that while it might be possible to split it, the city does not want to extend the incentive more than six (6) months and Michigan Blueberry Growers will not be starting in six (6) months.

Dotson asked what the developers' schedule is for breaking ground. Bransteter said the hope was to break ground this summer and it is now looking like it will be later, but still before the end of the summer.

In response to a query by Dotson regarding how many jobs will be created, Bransteter noted that Dole is expecting approximately eighty (80); Hanson twenty-five (25) to thirty (30) and Michigan Blueberry Growers, depending on how much they do, sixty (60) to start. If Michigan Blueberry Growers transitions some other employees to this site, there could be an additional thirty (30) jobs added. Dotson said how many of those jobs will be new jobs as far as relocating. Bransteter stated that Hanson job will all be new, Michigan Blueberry Growers all new and Dole probably half new and half retained jobs. In response to a question by Valentine as to whether these will be full time positions, Bransteter stated that they would be full time and also noted that all of the involved companies have submitted plans to the state.

Bolt pointed out that this development represents a tremendous benefit to city utilities and the tax base is substantial. Bolt asked Bransteter if he is okay with the extension of the incentive to the first one in, to which Bransteter stated that he is.

VandenBosch read the resolution,

Bolt double-checked whether developer was okay with the stated terms and he affirmed that they would be able to work it out.

Motion by Valentine, second by Klavins to approve Resolution 2015-03, a Resolution Authorizing a Development Incentive for a Development at 1600 and 1800 2<sup>nd</sup> Avenue.

All in favor. Motion carried.

**4. Approval of Minutes – April 13, 2015 Regular Meeting**

Motion by Valentine, second by Gawreliuk to approve the April 13, 2015 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**

Burr: Commented on the city's investment last week in the upgrade of the lift station which will enable this project and thanked the LDFA for their support.

**6. Financial Report**

VandenBosch reviewed the financial report.

Motion by Dotson, second by Klavins to accept the financial report as presented.

All in favor. Motion carried.

**7. Economic Development Report**

Jack McCloughan, Economic Development Director, reviewed his Economic Development activities.

**8. Overton Building Acquisition**

VandenBosch pointed out the map of the city's oldest Industrial District, identifying the Overton building and National Motors site. Stated that the Overton building is the last industrial ruin in this part of the industrial district and is presently located in the middle of a residential district. As is, the building constitutes a safety hazard. The city has been attempting to demolish the structure and recently the county has granted the city first chance to purchase the property, which VandenBosch described as "kind of paying our own taxes." The City Manager and City Council will be considering, on Monday, the purchase of the Overton property and will be asking the LDFA to take this property from the city, due to the past success of the LDFA with similar situations and properties. VandenBosch noted that the resolution on page seven (7) is an agreement by the LDFA to purchase the Overton property from the city for the actual cost at which the city acquires the building. VandenBosch noted that staff has a demolition project planned and hopes this building could be down by the end of the summer; that project will be a request coming back to the Brownfield Authority.

Dotson asked if this is a recommendation to Council. VandenBosch said staff put this proposal together; the LDFA will take ownership and work on demolition. There has been no

official recommendation. Bolt explained that the LDFA has to agree to take the property before the city can agree to buy it.

Motion by Valentine, second by Dotson to approve the resolution presented: A Resolution to Acquire Tax Foreclosure Property from the City of South Haven.

All in favor. Motion carried.

**9. Moved by Motion to the top of the list of items to be considered.**

**10. General Comments**

VandenBosch: Pre-construction meeting will be held Wednesday for the Factory Condominium Health Club demolition project.

**11. Adjourn**

Motion by Gawreliuk, second by Schaffer to adjourn at 4:26 p.m.

All in favor. Motion carried.

Respectfully submitted,

Marsha Ransom  
Recording Secretary