

Local Development Finance Authority

Regular Meeting Minutes

Monday, August 10, 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, Erdmann, Gawreliuk, Henry, Herrera, Klavins, Schaffer, Timmer, Valentine, Bolt

Absent: None

Also present: Brian Dissette, City Manager; Jack McCloughan, Economic Development Liaison

3. Approval of Agenda

Motion by Valentine, second by Dotson to approve the August 10, 2015 Regular Meeting Agenda as presented.

All in favor. Motion carried.

4. Approval of Minutes – June 8, 2015 Regular Meeting

Motion by Klavins, second by to approve the June 8, 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

None at this time.

6. Financial Report

VandenBosch reviewed the financial report.

Motion by Dotson, second by Erdmann to accept the financial report.

All in favor. Motion carried.

7. Economic Development Report

McCloughan reported on economic development activities.

8. Southwest Michigan First Contract

Brian Dissette, City Manager. Referred to the city's experience with Southwest Michigan First actively involved in bringing East Jordan Plastics to South Haven and showing them vacant properties in our industrial parks. Now East Jordan Plastics has two (2) South Haven facilities, one in LDFA 1 and the other in LDFA 2.

Dissette explained that Southwest Michigan First is a membership group based in Kalamazoo with whom Dissette is proposing a formal partnership which would involve \$20,000 annually from the city for Southwest Michigan First services. That would include assistance to extract expansion projects and, in the case of 220 Aylworth, help the city find the right fit for that piece of property; collaborate with state programs; identify opportunities that could support higher education opportunities for our youth which would push training through Lake Michigan Collage (LMC); proposals for potential business development. Southwest Michigan First would market the city of South Haven and the South Haven Area to the Chicago, Dallas and Atlanta marketplaces. Dissette noted he has seen Southwest Michigan First grow and expand; recently the city of Marshall opted to go with Southwest Michigan First as an addition to their Downtown Development Authority (DDA). Dissette believes the proposed contract makes sense for the city and is part of City Council's annual priority setting and Dissette asks the board's consideration of this agreement.

Dotson. "What is the capacity of organization, with us being a smaller city, what are their employment numbers?"

Dissette responded that the organization was founded in the city of Kalamazoo and over the last five (5) to ten (10) years they have expanded and are working throughout Van Buren County and as far east as Marshall. In the past they have been providing services to the city at no charge; this proposal would buy the city a formal contract with quarterly reports of activities. Dissette stated he is not sure of their numbers as far as employees.

Shaffer. Offered that Southwest Michigan First is a well-funded organization with the capacity to add employees as necessary.

Valentine. "How will this interact with the things we are already doing, specifically, regarding Jack McCloughan's activities and the real estate contract for 220 Aylworth?"

Disette. Regarding Jack, noted that he is pleased that when he tours with Jack, sixty percent (60%) of the staff, as he walks through, know Jack. Several times Jack has brought to the city manager's attention someone who is struggling to keep their lights on, which enables the city to quietly negotiate some payment terms. In the case of retention visits, Southwest Michigan First negotiated the contract and deducted the retention visits, lowering the cost to the city.

Regarding the real estate contract, Dissette noted that there is a contract in place and he does not propose to change that contract at this time. The city has that vacancy and will soon have a vacancy at the Overton site. Southwest Michigan First will actively and

immediately start marketing. Also noted that Southwest Michigan First is marketing the Tragna property being on behalf of the city and township.

Klavins. "What was our call of our last hard dollar investment, our brochure?"

VandenBosch thinks the brochure was about three (3) years ago and estimates it being around thirty thousand dollars (\$30,000) to forty thousand dollars (\$40,000). "This sounds like a pretty good avenue for marketing." VandenBosch also pointed out that this contract is a different aspect than a real estate agency. A real estate agency works more closely with buyer negotiations than Southwest Michigan First, which focuses on broader marketing.

Dissette gave a brief anecdote regarding the Mayor of Marshall, noting that the city ended a long term relationship and contracted instead with Southwest Michigan First which is much more aggressive and the city is seeing benefit.

Henry: "The county is also looking to expand its relationship with Southwest Michigan First; it's a quality outfit and has a wide, broad reach."

Motion by Henry, second by Shaffer to approve a contract for \$20,000 per year with Southwest Michigan First, a nonprofit economic development organization representing the southwest Michigan region.

All in favor. Motion carried.

9. Overton Bid Approvals

VandenBosch explained that the packet provided to members regarding the Overton bid proposals will go to City Council. Noted that staff had estimated \$475,000 for the proposed work; the bids came in much lower at \$319,193. Pointed out that the version sent this morning includes an error regarding asbestos removal while the version provided to the board now is the correct version. "This proposal will leave the city with a green site, seeded and should be a site that the city will have to mow next year."

VandenBosch has received numerous questions about what the city is going to do with the site. "I have not been commenting on what the city is going to do with the site, because it is going to be up to this board as to what happens to this property. There is an agreement in place that when the city receives ownership of the parcel, the property will be offered to the Local Development Finance Authority (LDFA) which has agreed to accept it," VandenBosch explained.

VandenBosch directed the board's attention to the invoice, which the city received last week from the county and explained that the city manager negotiated with the County Treasurer to remove ten thousand dollars (\$10,000) worth of interest and penalties from the purchase cost of the Overton tax foreclosure property.

Staff is looking for a recommendation of these bids to City Council.

Motion by Erdmann, second by Dotson, to recommend approval of the Overton Environmental and Demolition bids to City Council.

All in favor. Motion carried.

Henry noted the targeted completion dates, commenting, "That is a pretty impressive schedule."

Bolt commented on his appreciation of the provided pictures of the inside of the building.

10. General Comments

None at this time.

11. Adjourn

Motion by Klavins, second by Erdmann to adjourn at 4:26 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom
Recording Secretary