

Brownfield Redevelopment Authority

Regular Meeting Agenda

Monday, September 8, 2014
4:00 p.m., Council Chambers



City of South Haven

1. Call to Order

2. Roll Call

Chairman Art Bolt, Thomas Erdmann, Eugen Gawreliuk, Mike Henry, Robert Herrera, Lynn Kerber, Andy Klavins, Mike Rainey, Doug Schaffer, Christine Valentine.

3. Approval of Agenda

4. Approval of Minutes – July 14, 2014

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

6. Financial Report

7. Brownfield Report

8. Factory Condominium Health Club Demolition Update

9. Overton Building Demolition Update

10. General Comments

11. Adjourn

RESPECTFULLY SUBMITTED,
Paul VandenBosch
Secretary, Brownfield Redevelopment Authority

SOUTH HAVEN CITY HALL IS BARRIER FREE AND THE CITY OF SOUTH HAVEN WILL PROVIDE THE NECESSARY REASONABLE AUXILIARY AIDS AND SERVICES FOR PERSONS WITH DISABILITIES, SUCH AS SIGNERS FOR THE HEARING IMPAIRED AND AUDIO TAPES OF PRINTED MATERIALS BEING CONSIDERED AT THE MEETING TO INDIVIDUALS WITH DISABILITIES AT THE MEETING UPON SEVEN (7) DAYS NOTICE TO THE SOUTH HAVEN CITY HALL.

Brownfield Redevelopment Authority

Regular Meeting Minutes

Monday, July 14, 2014
4:00 p.m., Council Chambers



City of South Haven

1. Call to Order by Valentine at 4:48 p. m.

2. Roll Call

Present: Erdmann, Gawreliuk, Kerber, Klavins, Valentine, Varney,
Absent: Henry, Herrera, Rainey, Bolt

3. Approval of Agenda

Motion by Klavins, second by Varney to approve the agenda as presented.

All in favor. Motion carried.

4. Approval of Minutes – November 11, 2013

Motion by Erdmann, second by Gawreliuk to approve the November 11, 2013 regular meeting minutes.

All in favor. Motion carried.

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

There were none.

6. Financial Report

VandenBosch reviewed the financial report for the Brownfield Authority.

Motion by Erdman, second by Klavins to approve the financial report as presented.

All in favor. Motion carried.

7. Demolition Project Financing

VandenBosch explained that the city has not only one difficult project but two, the Overton Building and the Factory Condominium Health Club. Total estimated cost for the two demolitions is about \$895,000.

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8. Factory Condominium Health Club Demolition Proposal

VandenBosch explained that the Department of Environmental Quality (DEQ) has funding available to clean up the worst part of the contamination at the Factory Condos site. If the city will demolish the health club, the DEQ will do the remediation and cleanup. The cost estimate VandenBosch provided is only on demolition; these are preliminary numbers put together to provide a general estimate of \$360,000 to take down the health club portion only. There are still many items that have to be worked out with the property owners, determining what is to be left standing and what is coming down. This is an early estimate. This request is to help understand if we can do these two (2) large projects with the funding we have available.

VandenBosch said this amount does not include the money for a large remediation. VandenBosch noted that there is money available in the revolving fund. He does not have those figures yet. The Factory Condos brownfield plan has money which requires approval from the Factory Condominium Association. VandenBosch stated that he brought this up with the Association; although he did not ask them for a decision, he did not hear any loud objections. His hope is that the Factory Condo association and the DEQ will cooperate. This leaves us a shortfall which could be covered by the LDFA. VandenBosch noted that these estimates are very preliminary; he is not asking for a budget in that amount, but wanted to show that if there is a shortfall, the LDFA could cover it.

VandenBosch noted that the city has requested proposals for preparing bid specifications; there are two separate proposals. "This is the first step toward finding out what the full demolition will cost," VandenBosch explained, "Tonight you are not asked to decide on spending the full amount of demolition, only to put together bid specifications."

Varney wondered, if the primary purpose (of the LDFA) is to promote business in our area, how these projects align with that policy. VandenBosch said that there was a policy of the board established around 2007 that stated that brownfield plans would be accepted for non-residential projects. After the National Motors experience the city did not want to get into residential projects using brownfield funds and this request may require a change in that policy. This would benefit Factory Condominiums, which is clearly residential. The Overton site is suited more for residential than industrial, VandenBosch noted. This request includes considering a change to that policy.

Valentine pointed out that with regard to Factory Condominiums to use the policy that came in after the fact there, mainly because of the bad experience with it and the National Motors site, would be unfair. VandenBosch agreed that would be a wrong interpretation of the policy. Valentine stated that one could argue that development should not have been permitted, but it is done and there is already a brownfield. "So if you use the money out of that plan that seems legitimate to me," Valentine noted, "You all know I have a vested interest (in the Factory Condos)."

VandenBosch noted that Act 381 allows us to do the demolition and recover the funding through a brownfield plan. State law does not require us to stay strictly in an industrial area. State law does allow for demolition, recovering money from the brownfield and using the recovered funds for residential development. Klavins noted it is a win-win when the DEQ is going to come in and do the demolition. VandenBosch explained the process the DEQ will be using to remediate the contaminated area, which includes drilling and heat, not

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excavating. Erdmann said, "It won't be bringing value to the property." VandenBosch explained that the remediation process will keep the contamination from moving toward Lake Michigan.

Kerber asked if this demolition and remediation is done, does the health club remain in the condo. VandenBosch said there will have to be an amendment to the master deed and to the planned unit development to get the city's approval to make this change. Erdmann asked if there is potential for more condos on that site to which VandenBosch responded, "Potentially, but that is not our decision." Varney asked if the city would have any ownership of the Health Club to which VandenBosch explained that the way condos work, the ownership is of the airspace inside a room. When the health club building is taken down, by amending the condo documents, the ownership of those units can be eliminated. The condominium owns the underlying land.

Valentine pointed out a letter from the condo association to the city is included in the packet, and noted that as of now the association does not have any intention of doing anything but they are open to other opportunities.

VandenBosch said the action item is to consider a proposal from Abonmarche for \$6,200 for preparation of bid documents and the work related to that; this would get us to a point of having hard numbers for demolition and at that time we could say, "Yes, we have the budget for it," or "No, we're not going to do it." In order to give you good cost estimates, this is the work we need to have done. Valentine noted that the proposal from Abonmarche is included in the packet. Varney asked if we will go out for bids for the demolition to which VandenBosch replied, that yes, it would be bid out.

Motion by Klavins, second by Gawreliuk to approve expenditure of \$6,200.00 to have Abonmarche prepare the bid documents for the Factory Condominiums.

Valentine abstained.
All others in favor.
Motion carried.

9. Overton Building Demolition Proposal

VandenBosch noted that the Overton project is very complex, there are liens on the property including federal tax liens, utility liens and construction liens. At this time, we are looking for a motion to approve a proposal from Abonmarche to prepare bid documents for demolition. "This is a complicated project, but in order to get started we need help in putting bid specs together."

Motion by Gawreliuk, second by Klavins to approve the \$9,100 for bid documents to be prepared by Abonmarche for the demolition of the Overton building.

Varney wondered, "What if we determine that this is not feasible with the money we have." VandenBosch said we would approach the city for additional funding. We have been pursuing grant funding. VandenBosch contacted Upton's office on Friday but have not found anything yet. Varney explained that she does not want to see the board left as we were with previous projects. Varney advised, "Proceed carefully so we don't get in over our heads, and don't spend more than we should, be judicious with the money." VandenBosch commented

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that none of us wants to be in this position; this is a response to a community problem for which this board seems to be the most capable board to solve the problem.

Varney wondered, since the Overton building has been condemned, does the city have the right to demolish the building? "Purchasing the note is outside of that, isn't it?" VandenBosch responded yes, the City will get a court order to demolish through the dangerous buildings process. Kerber commented that we would be looking at a demolition either way. VandenBosch noted that whether we purchase the note or we do the demo under a special assessment, we are relying on the City Attorney to follow proper procedure. There is a federal tax lien on Engel which Kerber said would be behind the bank loan. VandenBosch believes some of the federal and construction liens were placed incorrectly. The City has a utility lien; the county has liens on prop taxes.

Varney commented that we do understand that the building is hazardous. VandenBosch apologized for not having the fence up yet noting that the contractor is very busy and just has not been able to get there.

Kerber wondered if the funds come from the Brownfield Revolving Funds does that hold up funding for other projects. VandenBosch said we do not have other brownfield projects at the moment, we stopped working on the DuWel site some time ago; these two projects under discussion are high priority. Board members discussed how tax captured could be used. VandenBosch said Act 381 puts certain restrictions on school operating funds, but it can be captured. We will need a development on the site to recover demolition costs through brownfield tax capture. Kerber noted that we don't know the potential value, and the ability to recover those funds is unknown. VandenBosch said if we do a special assessment, that assessment could limit any future development.

Valentine called the question.

All in favor. Motion carried.

10. General Comments

Varney: How are we doing with the Aylworth properties?

VandenBosch responded that there are two interested parties. There is interest in the site.

Valentine: noticed cars at the Aylworth site the other day.

11. Adjourn

Motion by Klavins, second by Erdmann to adjourn at 5:15 p. m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom
Recording Secretary

August 25, 2014

TO: Brownfield Redevelopment Authority

FR: Paul VandenBosch

RE: Annual Brownfield Report

Local Site Remediation Revolving Fund:

There is one brownfield plan active in the Brownfield Authority's Local Site Remediation Revolving Fund. 900 Indiana Avenue (Everett Building) will contribute to the Revolving Fund until 2017, however, unless there is a development on the site, it is unlikely that this plan will receive revenue.

The Local Site Remediation Revolving Fund balance is \$586,365.57. All revenue in this fund came from the 1421 Kalamazoo Street brownfield plan (formerly Wyckoff Chemical). The revolving fund balance is available for environmental activities anywhere in the city. Current projects being considered for funding from the revolving fund are Factory Condominium health club demolition and Overton building demolition.

125 Elkenburg Street, Factory Condominium:

The Factory Condominium brownfield plans total \$256,828.07, of which \$206,235.56 is school operating tax capture, subject to DEQ approval of a workplan. This funding is also in consideration for the health club demolition project.

1070 Indiana Avenue, National Motors:

The National Motors brownfield plan received \$7,314.65 in tax capture. The BRA has previously approved invoices as eligible expenses for reimbursement, with \$454,920.96 remaining as eligible for reimbursement. Staff recommends reimbursement of \$7,314.65 to the developer.

500 Erie Street, Central Lofts

The Central Lofts brownfield plan received \$25,249.91 in tax capture. The BRA has previously approved invoices as eligible expenses for reimbursement, with \$343,938.55 remaining as eligible for reimbursement. There are delinquent taxes on properties in the brownfield plan in the amount of \$7,150.02. Staff recommends reimbursement of \$18,099.89 to the developer, which is the current balance less delinquent taxes.

Baseline Road, The Preserve

The Preserve brownfield plan received \$17,860.09 in tax capture which brings the current balance to \$82,964.31. The BRA has previously approved invoices as eligible expenses for reimbursement, with \$3,472,432.98 remaining as eligible for reimbursement. There are

delinquent taxes in the amount of \$1,701,266.13 on properties in the brownfield plan. Staff recommends no reimbursement to the developer because the delinquent taxes exceed the brownfield fund balance.

Staff Recommendation:

Approve a reimbursement of \$18,099.89 to Lago Blue LLC from the 500 Erie Street (Central Lofts) brownfield plan.

Approve a reimbursement of \$7,314.65 to Roland J. Peterson, LLC and Peterson Land Company, Inc. from the 1070 Indiana Avenue (National Motors) brownfield plan.

Annual Report

City of South Haven
 Brownfield Redevelopment Authority
 FY 2013-14 Plan Report
 As of June 30, 2014

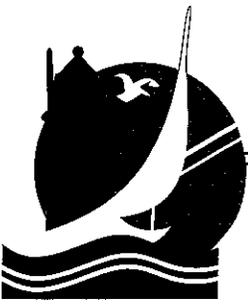
08/12/14

Brownfield Plans	Previous Year FY End Plan Balance	2013-14 Reimbursements and Payments	2013-14 Net Revenue	2013-14 Plan Balance	2013-14 Recommended Reimbursement	Plan Ends
1421 Kalamazoo 1 Local	No Balance	No Balance	Closed	No Balance		Terminated
1421 Kalamazoo 1 School	129,217.91	.00	Closed	129,217.91		Closed
1421 Revolving Fund Local	20,702.66	.00	Closed	20,702.66		Closed
1421 Revolving Fund School	565,662.91	.00	Closed	565,662.91		Closed
1421 Kalamazoo 2 Local	55,382.42	.00	10,578.67	65,961.09		2034
220 Aylworth Local	899.36	.00	150.66	1,050.02		2028
220 Aylworth School	3,352.31	0	561.56	3,913.87		2028
125 Elkenburg 1 Local	No Balance	No Balance	Closed	No Balance		Terminated
125 Elkenburg 1 School	142,274.96	4,556.23	Closed	137,718.73		Closed
125 Elkenburg 2 Local	32,759.15	5,305.74	23,139.10	50,592.51		2022
125 Elkenburg 2 School	44,459.31	.00	24,057.52	68,516.83		2022
900 Indiana Local	No Balance	No Balance	Closed	No Balance		Terminated
900 Revolving Fund Local	.00	.00	.00	.00		2017
1070 Indiana Local	6,945.63	6,945.63	7,314.65	7,314.65	7,314.65	2022
Sherman Hills Local	59,926.80	.00	12,635.00	72,561.80		2015
500 Erie Local	27,794.89	27,793.66	25,248.68	25,249.91	25,249.91	2019
The Preserve Local	65,104.22	.00	17,860.09	82,964.31	.00	2026
The Preserve School	No Balance	No Balance	Closed	No Balance		Terminated
TOTAL	1,154,482.53	44,601.26	121,545.92	1,231,427.19		

Note:

Closed: Closed to new revenue.

No Balance: All funds have been disbursed and the the plan portion has been terminated.



City of South Haven

City Hall • 539 Phoenix Street • South Haven, Michigan 49090
Telephone (269) 637-0700 • FAX (269) 637-5319

August 12, 2014

Roland J. Peterson, LLC
P.O. Box 638
Douglas, MI 49406

Peterson Land Company, Inc.
P.O. Box 638
Douglas, MI 49406

RE: 1070 Indiana Street Brownfield Plan, 2013 Tax Year Brownfield Report

Good Morning;

The 1070 Indiana Street Brownfield Plan has a balance of \$7,314.65 including 2013 tax capture revenues. There are approved expenses in the amount of \$454,920.96 which are eligible for reimbursement.

Van Buren County records indicate that there are no delinquent property tax payments on parcels in the 1070 Indiana Street brownfield plan.

The proposed payment of \$7,314.65 are proceeds from taxes captured on the 1070 Indiana Avenue site, South Haven Michigan (National Motors, Everett Park) under the Brownfield Redevelopment Financing Act, Act 381 of 1996.

If you have any questions or feel that any of the information in this report is in error, please contact Paul VandenBosch at 269-637-0775 or pvandenbosch@south-haven.com.

The City of South Haven Brownfield Redevelopment Authority will consider approval of the 2011-12 Brownfield Report at its meeting at 4:00 p.m., September 9, 2013 at Council Chambers in South Haven City Hall, 539 Phoenix Street, South Haven.

Sincerely;

A handwritten signature in black ink, appearing to read "Paul VandenBosch", written in a cursive style.

Paul VandenBosch
Secretary, Brownfield Redevelopment Authority



City of South Haven

City Hall • 539 Phoenix Street • South Haven, Michigan 49090
Telephone (269) 637-0700 • FAX (269) 637-5319

August 12, 2014

PWH Management, LLC
303 W. Madison Street, Suite 1925
Chicago, IL 60606

Edward S. Salomon
25 E. Washington, Suite 1000
Chicago, IL 60602

RE: The Preserve Brownfield Plan, 2013 Tax Year Brownfield Report

Good Morning;

The Preserve Brownfield Plan revenue for 2013 was \$17,860.09. The fund has a balance of \$82,964.31 including 2013 tax capture revenues. There are approved expenses in the amount of \$3,469,407 which are eligible for reimbursement as funds become available.

Van Buren County records indicate that there are a total of \$1,701,266.13 in delinquent property tax payments on parcels in the Preserve brownfield plan.

Because the amount of unpaid property taxes exceeds the funds available for reimbursement, no brownfield reimbursement will be paid at this time. The funds available for reimbursement remain on the account for the Preserve brownfield plan, and will be available for reimbursement when property taxes have been paid.

If you have any questions or feel that any of the information in this report is in error, please contact Paul VandenBosch at 269-637-0775 or pvandenbosch@south-haven.com.

The City of South Haven Brownfield Redevelopment Authority will consider approval of the 2012-13 Brownfield Report at its meeting at 4:00p.m., September 8, 2014 at Council Chambers in South Haven City Hall, 539 Phoenix Street, South Haven.

Sincerely;

A handwritten signature in black ink, appearing to read "P. VandenBosch", written in a cursive style.

Paul VandenBosch
Secretary, Brownfield Redevelopment Authority



City of South Haven

City Hall • 539 Phoenix Street • South Haven, Michigan 49090
Telephone (269) 637-0700 • FAX (269) 637-5319

August 12, 2014

Lago Blue, LLC
7300 West Q Ave.
Kalamazoo, MI 49009

RE: 500 Erie Street Brownfield Plan, 2013 Tax Year Brownfield Report

Good Morning;

The 500 Erie Street Brownfield Plan has a balance of \$25,249.91 including 2013 tax capture revenues. There are approved expenses in the amount of \$343,938.55 which are eligible for reimbursement as funds become available.

Van Buren County records indicate that there are \$7,150.02 in delinquent property tax payments on parcels in the 500 Erie Street brownfield plan. The balance amount has been reduced by the delinquent property tax amount to reflect a payment of \$18,099.89.

The proposed payment of \$18,099.89 are proceeds from taxes captured on the 500 Erie Street site, South Haven, Michigan (Central Lofts) under the Brownfield Redevelopment Financing Act, Act 381 of 1996.

If you have any questions or feel that any of the information in this report is in error, please contact Paul VandenBosch at 269-637-0775 or pvandenbosch@south-haven.com.

The City of South Haven Brownfield Redevelopment Authority will consider approval of the 2013 Brownfield Report at its meeting at 4:00 p.m., September 8, 2014 at Council Chambers in South Haven City Hall, 539 Phoenix Street, South Haven.

Sincerely;

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Paul VandenBosch
Secretary, Brownfield Redevelopment Authority



City of South Haven

City Hall • 539 Phoenix Street • South Haven, Michigan 49090
Telephone (269) 637-0700 • FAX (269) 637-5319

August 12, 2014

Factory Condominium Association
Glen Pietenpol, Treasurer
125 Elkenburg Street #5
South Haven, MI 49090

RE: Factory Condominium Brownfield Plan, 2013 Tax Year Brownfield Report

Dear Mr. Pietenpol;

2013 tax capture revenues for the Factory Condominium brownfield plan were \$23,139.10 from local tax capture, and \$24,057.52 from school operating tax capture. These tax captures are from the City of South Haven tax year 2013.

The Factory Condominium Brownfield Plan has a local tax capture balance of \$50,592.51, and a school operating tax capture balance of \$206,235.56.

Please note that school operating tax capture is only available for environmental expenses as part of a workplan approved by the Department of Environmental Quality. Local tax capture is available for environmental expenses authorized by the Brownfield Redevelopment Financing Act.

The current DEQ approved workplan has unexpended amounts of \$69,280.75 remaining in local tax capture expenditures, and \$59,493.81 in school operating tax capture expenditures. These are not balances, but authorized spending limits for approved environmental work.

If you have any questions or feel that any of the information in this report is in error, please contact Paul VandenBosch at 269-637-0775 or pvandenbosch@south-haven.com.

Sincerely;

A handwritten signature in black ink, appearing to read "Paul VandenBosch", is written over the typed name.

Paul VandenBosch
Secretary, Brownfield Redevelopment Authority