

Local Development Finance Authority

Regular Meeting Minutes

Monday, September 19, 2016
4:00 p.m., Council Chambers
South Haven City Hall



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

2. Roll Call

Present: Laura Bos, Tom Erdmann, Tom Fleming, Robert Herrera, Andy Klavins, Stephanie Timmer, Chris Valentine

Absent: Art Bolt, Barbara Craig, Eugen Gawreliuk, Mike Henry

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

3. Approval of Agenda

Motion by Klavins, second by Timmer to approve the September 19, 2016 Regular Meeting agenda as presented.

All in favor. Motion carried.

4. Approval of Minutes – August 8, 2016

Motion by Klavins, second by Erdmann to approve the September 19, 2016 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

Hosier reviewed the Financial Report.

Discussion ensued regarding cash flow.

Motion by Erdmann, second by Klavins to accept the Financial Report as presented.

All in favor. Motion carried.

7. Contribution to Capital Projects

Brian Dissette, City Manager. Spoke about LDFA making cash contributions on an annual basis to ongoing capital projects. The importance to the LDFA is very simple. The Indian Grove Pump Station and the main pump station, to be built, are going to be or are used by all the businesses in LDFAs 1, 2 and 3.

Dissette explained that the benefits will be real and significant should the LDFA make an annual cash contribution of \$50,000 per year. On a monthly basis fewer dollars would have to be spent by businesses. Dissette explained how that would affect retention and how similar benefits occur for residents (city, part-time and full-time; outside the city) all through water and sewer with savings per household, this is very real.

Dissette noted that while he is asking the LDFA to lend support to capital projects, if you support this today we will be moving on to the DDA for a similar request.

Dissette and Hosier have been talking with Mr. Bolt who wants the city to retain what we have. In talks with Albemarle, hundreds of local jobs and thousands of utility payments will be retained. We will still have the ability to grow the LDFA through buying up currently private land or by creation of an LDFA #4. Dissette noted, "We are out of land, LDFAs 1, 2 and 3 are full. We need to ensure that we continue to see investment and development of private jobs."

Dissette asked, "Can you afford \$50,000, \$75,000 or \$100,000? Yes. And I'm hoping the DDA will match what this board does."

Klavins asked if the LDFA does \$100,000, will the DDA do \$100,000 to which Dissette responded, "Yes, that is where I will start. Albemarle has made a decision to stay here, and I'm sure our utilities were actively examined during that decision making process. We have provided them with highly reliable water and highly reliable electric. Without a doubt utility costs are being factored in when these decisions are made."

Valentine asked how Dissette proposes to structure this; what comes out of each LDFA? Dissette pointed to the break-out in the packet. Discussion ensued regarding where the funds will be taken from, with Dissette saying \$75,000 will be taken out of LDFA 1 and \$25,000 out of LDFA 3. It was noted that LDFA 2 does not have much to offer. LDFA 3 is receiving the benefit of the main pump station; the bulk of the work is impacting LDFA 1.

Valentine asked if this is in addition to whatever LDFA would be doing. Dissette said the special assessments were brought to all of the businesses in LDFA 1. If this were to happen we would zero out the special assessments for all businesses in LDFA 1.

Erdmann questioned how we could make a \$100,000 contribution yearly. Dissette spoke about annual revenues, and overhead costs we are billing to the LDFAs. Valentine commented about the assumption of growth.

Dissette noted there is no assumption of growth, however we do have positive cash flow and the ability to meet the 25-year cash contribution with the assumption you don't have businesses closing.

Discussion ensued regarding increases in taxable value. Dissette said all businesses in all LDFAs have a cash value and the ability to increase in value. Since approximately 1990 this city has seen overall value increasing. Some businesses have closed so there is declining value there.

Valentine and Dissette discussed businesses staying at the same value as they are now with Dissette noting that some of the businesses have very low taxable value because they are being used as storage.

Valentine is in agreement with the idea while a little fuzzy about how it is structured.

Dissette: "You are looking at LDFAs and, what is more important, creating a new LDFA or assisting with utility costs for the existing businesses." Klavins said, "Take care of what you have and with a match from DDA we will be getting double the dollar value." Dissette said anything we can do to try to control the increase in water/sewer costs will be a benefit to the overall community.

Motion by Klavins, to commit the \$100,000 annually for proposed sewer and water improvements in the LDFAs. Second by Erdmann.

Valentine asked if there was discussion of the motion. Hearing none she called the vote.

All in favor. Motion carried.

Discussion ensued regarding the individual LDFA resolutions being approved. It was decided to make a motion for each resolution.

Motion by Klavins to approve Resolution #2016-01, a resolution recommending a fourth amendment to the development plan and tax increment financing plan (LDFA #1) to the City Council of the City of South Haven. Second by Erdmann.

All in favor. Motion carried.

Motion by Erdmann to approve Resolution #2016-02, a resolution recommending a fourth amendment to the development plan and tax increment financing plan (LDFA #2) to the City Council of the City of South Haven. Second by Klavins.

All in favor. Motion carried.

Motion by Klavins to approve Resolution #2016-03, a resolution recommending a second amendment to the development plan and tax increment financing plan (LDFA #3) to the City Council of the City of South Haven. Second by Timmer.

All in favor. Motion carried.

By consensus the first motion above was modified and replaced with the following language:

Motion by Klavins to commit the \$100,000 annually for the life of the borrowing - \$75,000 from LDFA #1 and \$25,000 from LDFA # 3. Second by Erdmann.

All in favor. Motion carried.

8. General Comments

Jack McCloughan updated the board on economic development.

9. Adjourn

Motion by Klavins, second by Erdmann to adjourn at 4:30 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom
Recording Secretary