

Local Development Finance Authority

Regular Meeting Agenda

Monday, October 12, 2015
4:00 p.m., Council Chambers
South Haven City Hall



City of South Haven

1. Call to Order

2. Roll Call

Chairman Art Bolt, Tyler Dotson, Thomas Erdmann, Eugen Gawreliuk, Mike Henry, Robert Herrera, Stephanie Timmer, Andy Klavins, Doug Schaffer, Christine Valentine.

3. Approval of Agenda

4. Approval of Minutes – August 10, 2015 Regular Meeting

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

6. Financial Report

7. Economic Development Report

8. MBG Land Division Transfer

9. Overton Change Orders

10. General Comments

11. Adjourn

RESPECTFULLY SUBMITTED,
Paul VandenBosch
Secretary, Local Development Finance 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.

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

City of South Haven
Local Development Finance Authority
For the period ended September 30, 2015

	LDFA #1	LDFA #2	LDFA #3
Revenues			
Property Tax Captures	SUMMER TAX CAPTURES CREDITED 10/2/15		
Interest Income	61	52	16
Land Sales			-
Other Revenue State PPT reimb	-	-	-
Other Transfers In	-	-	-
Total Revenue	61	52	16
Expenditures			
Economic Liaison	2,995	3,295	3,694
Administrative Costs	-	-	-
Professional Fees	-	-	-
Contractual Services	-	-	-
Capital Projects	88,265	-	-
General Fund Administration	-	7,500	8,750
Transfer to Building Authority Debt Service	-	3,246	-
MEDC Loan Payments			6,802
Transfer to St. Joe Project Debt Service	30,000	-	-
Other Transfers Out	-	-	-
Total Expenditures	121,260	14,041	19,246
 Year-to-Date Fund Gain/(Loss)	 (121,200)	 (13,989)	 (19,231)

Cash and Investments

Cash	198,737	30,655	48,053
Certificates of Deposit	262,850	-	
Other Financial Investments	186,214	125,409	489,985
Total	647,801	156,064	538,038

Land Assets - 345 Kalamazoo St	5.19 acres	\$	46,710	Mkt Value per assessor
Land Assets - 1391 Kalamazoo St	1.54 acres	\$	36,729	Mkt Value per assessor
220 Aylworth Ave	13.22 acres	\$	118,980	Mkt Value per assessor
1280 Kalamazoo St.	3.48 acres	\$	31,320	Mkt Value per assessor

LDFA Debt Obligations

St. Joe Projects Bonds - Final Maturity - May 2027	\$120,000/Year		
DPW Relocation Bonds - Final Maturity - Nov. 2021		\$13,990 Average/Year	
MEDC Loan -0% Interest - Final Payment - April 2016			\$27,208/Year

October 2, 2015

TO: LDFA

FR: Paul VandenBosch

RE: Transfer of Land Division Rights to MBG

Under the Land Division Act, land divisions applicable to a parcel must be granted in a deed when properties are transferred.

At the time that the LDFA sold the 2nd Avenue property to MBG in 2012, the deed did not include a grant to make land divisions.

As part of closing of the sale from MBG to Hanson, MBG desires to transfer some or all of the potential land divisions to Hanson. This is a requirement of closing of the property sale.

The City Attorney has prepared a document by which the LDFA may transfer land division rights for this parcel to MBG, which may then transfer them to Hanson.

Note that any land division must still meet the standards of the Land Division Act and receive approval from the City Assessor.

Staff Recommendation:

Authorize the Transfer of Land Division Rights from the LDFA to MBG.

TRANSFER OF LAND DIVISION RIGHTS

The Grantor, the **South Haven Local Development Finance Authority**, a public body corporate, whose address is 539 Phoenix Street, South Haven, MI 49090, grants, transfers and conveys to the Grantee, **MBG Real Estate – South Haven, LLC**, a Michigan limited liability company, whose address is 04726 County Road 215, Grand Junction, Michigan 49056, without warranty, the right to make all available divisions under Section 108 of the Land Division Act, Act No. 288 of the Public Acts of 1967 for the following described real estate situated in the City of South Haven, County of Van Buren, State of Michigan (the “Property”):

Parcel 1:

Beginning at the East quarter post of Section 2, Town 1 South, Range 17 West, City of South Haven, Van Buren County, Michigan; thence South 88 degrees 03 minutes 53 seconds West on the East and West quarter line 977.90 feet; thence North 00 degrees 38 minutes 10 seconds West, 918.27 feet; thence 17.00 feet along a curve to the right with a radius of 30.00 feet and a chord that bears North 15 degrees 35 minutes 30 seconds East 16.77 feet; thence North 88 degrees 03 minutes 53 seconds East, parallel with the East and West quarter line, 970.83 feet to the East section line; thence South 00 degrees 46 minutes 56 seconds East on same 934.21 feet to the Place of Beginning.

Tax ID No.: 80-53-869-002-65

Parcel 2:

Beginning at the West quarter post of Section 1, Town 1 South, Range 17 West, City of South Haven, Van Buren County, Michigan; thence North 00 degrees 46 minutes 56 seconds West on the West section line, 934.21 feet; thence North 88 degrees 03 minutes 53 seconds East, parallel with the East and West quarter line in Section 2, a distance of 239.74 feet; thence South 00 degrees 51 minutes 24 seconds East 3.00 feet; thence North 88 degrees 00 minutes 52 seconds East, 690.25 feet; thence South 00 degrees 51 minutes 24 seconds East, 979.09 feet to the East and West quarter line; thence North 89 degrees 01 minutes 32 seconds West on same, 931.50 feet to the Place of Beginning.

Tax ID No.: 80-53-867-003-10

For the sum of One Dollar (\$1.00), receipt of which is acknowledged.

The sole purpose of this instrument is to grant to Grantee, without warranty, the right to make all available divisions for the Property under Section 108 of the Land Division Act, Act No. 288 of the Public Acts of 1967, as such rights were not previously granted under that certain Warranty Deed for the Property dated May 8, 2012 and recorded in Liber 1567, Page 585, Van Buren County Records.

WARRANTY DEED

The Grantor, the SOUTH HAVEN LOCAL DEVELOPMENT FINANCE AUTHORITY, a public body corporate, whose principal business address is 539 Phoenix Street, South Haven, Michigan 49090, conveys and warrants to Grantee, MBG REAL ESTATE – SOUTH HAVEN, LLC, a Michigan limited liability company, whose principal business address is 04726 County Road 215, Grand Junction, Michigan 49056, fee simple title in the real estate situated in the City of South Haven, Van Buren County, Michigan and described on **Exhibit A** attached hereto and incorporated herein, subject to the 66' road right of way of 2nd Avenue.

This deed is given for the sum stated on the Real Estate Transfer Valuation Affidavit filed with this deed.

Together with all singular tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining thereto.

The Grantor warrants and covenants that the property hereby conveyed is marketable and free and clear of any and all liens, mortgages, deeds of trust, security interests, covenants, conditions, restrictions, non-permitted easements, non-permitted rights-of-way, licenses, encroachments, judgments or encumbrances of any kind except the Permitted Exceptions described on attached **Exhibit B**.

The Grantor grants to the Grantee the right to make zero (0) divisions under Section 108 of the Land Division Act, Act No. 288 of the Public Acts of 1967.

This property may be located within the vicinity of farmland or a farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan Right to Farm Act.

Dated this 8th day of May, 2012.

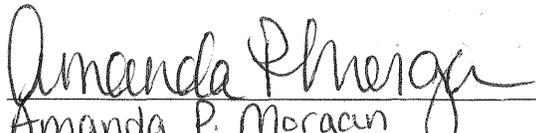
SOUTH HAVEN LOCAL DEVELOPMENT
FINANCE AUTHORITY, a public body corporate

By: 
Art Bolt
Its: Chairperson

And By: 
Paul VandenBosch
Its: Secretary

STATE OF MICHIGAN)
) ss.
COUNTY OF VAN BUREN)

The foregoing instrument was acknowledged before me this 8th day of May, 2012, by Art Bolt, the Chairperson, and by Paul VandenBosch, the Secretary, of the South Haven Local Development Finance Authority, a public body corporate, on behalf of the same.


Amanda P. Moragan
Notary Public, Van Buren County, MI
My Commission Expires: 8-7-2013
Acting in Van Buren County, MI

This Instrument Drafted By:
Douglas W. Poland
McSHANE & BOWIE, P.L.C.
99 Monroe Avenue, NW, Suite 1100
Grand Rapids, MI 49503

After recording return to Draftsman

October 8, 2015

TO: Local Development Finance Authority

FR: Paul VandenBosch

RE: Overton Demolition Asbestos Related Change Orders

The windows in the older section of the building were seated in asbestos containing caulk. The asbestos removal contractor was not able to access many windows in the building due to the collapsed roof areas and because the floor was unstable near the windows. Window removal is now being performed by the demolition contractor by demolishing and removing debris up to the window and using lift equipment to access the windows for removal.

As demolition progressed at the Overton building, the contractor discovered that there were kiln chimney flues which were made of transite, which is a mixture of cement and asbestos. This requires separation of the material and transport to a landfill. This was not identified in our bid documents and is a cost additional to the bid amount.

The demolition contractor identified a tar coating on the kiln walls as a potential asbestos containing material. The environmental consultant tested the tar and it does contain asbestos. The tar, tar coated brick and any brick mixed in with tar coated brick must be sent to a landfill. The current bid shows brick being sent to a local crushing operator. There are additional costs related to transport and landfill costs for disposing of the brick in the kiln area. The contractor has demolished around the kiln area and has left this area standing separately to make sure that it is properly separated and not mixed with other brick.

These items were not included in the original bid specifications and are additional expense. The architect has prepared two change orders for these items:

Change Order 1

Proper disposal of approximately 50 windows	\$ 14,500
Removal and proper disposal of existing kiln flues	\$ 3,680

Change Order 2

Remove material from kiln room area, separate and dispose of at an approved landfill (for material containing asbestos)	\$ 30,000
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TOTAL	\$ 48,180
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Approving these change orders will add these pay amounts to the current contract with the demolition contractor, and will allow 17 days additional contract time. The total contract amount will be \$315,180.

Staff Recommendation:

Approve Change Orders 1 and 2.

