

# Local Development Finance Authority

## Regular Meeting Minutes

Monday, November 11, 2013  
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: Erdmann, Gawreliuk, Henry, Herrera, Kerber, Valentine, Varney, Bolt

Absent: Klavins, Rainey

### 3. Approval of Agenda

Motion by Kerber, second by Valentine to approve the agenda as presented.

All in favor. Motion carried.

### 4. Approval of Minutes – October 14, 2013 Regular Meeting October 21, 2013 Special Meeting

Motion by Henry, second by Erdmann to approve the October 14, 2013 Regular Meeting minutes and the October 21, 2013 Special Meeting minutes, with correction as noted:

Strike-through a wrongly attributed comment on page 3, paragraph 4 of the October 21, 2013 Special Meeting minutes.

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 Erdmann, second by Henry to accept the Financial Report.

All in favor. Motion carried.

## 7. Brokerage Agreement

Cindi Compton, Bradley Company. Introduced herself as born and raised here, raised her family here, got into real estate due to doing development; took the real estate class, saw the potential to contribute to South Haven's economic development, works with Dane Davis although she is also a realtor with Prudential.

Dane Davis, Bradley Company. Introduced himself as having teamed with Compton for four (4) years. Has fourteen (14) years of real estate experience; was an environmental consultant prior to that. Bradley Company is headquartered in South Bend, Indiana and has offices in Kalamazoo and Fort Wayne, Indiana. Bradley Company has a property management division as we are not just selling property but understanding the infrastructure. Davis sees integrity as their capital asset while developing property, private land assemblage and acting as a third party commercial brokerage.

Kara Schroer gave her education background including that she joined Bradley Company right out of college ten (10) years ago. Schroer deals with market research; office and healthcare leasing; keeping the process in line to closing and is learning about vacant land sales.

Compton shared her involvement with the community and the area: was on the School Board for eight years; worked to try to create affordable housing that was not subsidized and is currently on the Van Buren County Brownfield Redevelopment Board. Mentioned some of the projects she has worked on including the Clark Station; the point property next to the Clark property; both of which had brownfield issues. Compton noted that the point has sold and owners are working on two (2) retail establishments. The old Family Dollar store had brownfield issues, too, but recently learned that the underground tanks are in State of Michigan property right-of-way. Compton feels her experience gives her a sense of what is happening community-wide. Noted she is on the Board of Review for South Haven Township and has been asked to be on the Township Planning Commission. She has established a reputation as the point person for South Haven if someone is interested in coming into the community. Believes it is extremely important to have someone represent our client.

Davis gave an overview of the properties they are marketing, have marketed and have under contract.

Kara Schroer noted that their goal is to attract users who will increase the tax and employment numbers in this area. Talked about the type of manufacturers Bradley Company will try to attract and how they market properties: online marketing; signage; part of two (2) Multiple Listing Services (MLS) and a residential listing; they do e-blasts out to five hundred (500) recipients; targeted mailers and will develop targeted lists; social media such as LinkedIn and Twitter and phone follow up on those they have sent information to.

Davis talked about Strategic Partnerships to attract prospective buyers and create employment opportunities. Need to find out what the zoning is, what utilities are available. Like to have that information up front for the buyers.

Compton described her smart phone as her most important tool; explained that in there she has contact information for the road commissioner; the drain commissioner, Michigan-

Department of Transportation (M-Dot); the Zoning Administrator; the city engineer, Larry Halberstadt, and noted that she does the due diligence. Noted that these are not numbers found in the usual real estate brokers contact list, but it ties in with the business she and her husband have. Compton puts together a binder full of as much information as they can provide to the potential buyer or tenant. Compton feels the best way to handle this property is to create more than one user on the property.

Davis noted a land transaction they had recently in Indiana; there were title issues, restricted covenants, within the development we were seeking to buy land in. Davis said they had to work through the covenants and get them removed or revised. Often have to get creative and think outside the box.

Kerber noted she has heard quite a bit about the group's commercial experience and wondered whether they had industrial experience. Davis explained that he is in the middle of a sale-leaseback industrial; has done work with Mid-Link Industrial park in Kalamazoo and pointed out that in this area they have to be diversified because there are so many different types of properties.

Erdmann commented on something Davis said previously about a particular client who Davis is trying to convince to locate a hotel in the South Haven area. Erdmann expressed his opinion that the city has more than enough hotels. Davis explained that he is trying to promote an extended stay concept, which the city does not have. In the summer there are not enough rooms and in the winter, when there are nuclear outages, he feels there is a demand for extended stay because the nuclear workers sometimes find it hard to find places to stay.

Varney asked what Davis means when he says "commercial properties" plural when referring to the former Bohn property. Davis pointed out that there are two buildings, so we do not want to limit ourselves to finding one buyer. There could be two separate users and someone else might want vacant land or just office space. The Bradley Company would provide a flier showing the various ways the property could be used. Schroer noted the property would be marketed as a whole and individually.

In response to queries, Davis said a MLS is one way to market but Bradley Company is also part of two different commercial listing services.

Kerber noted the adjacent properties and wondered how you could market this in conjunction with those. Davis stated that one of the first things they do is contact adjacent property owners and that was done for this property. Davis pointed out some of the advantages of this property and the buildings that exist on the property. The buildings have high ceilings, good clearance, insulation and metal sheathing on the inside. The Bradley Company would contact the owners of adjacent properties to see if there is any synergy.

Bolt asked what else Bradley Company needs from the board.

Schroer explained the commission structure and provided documentation to Bolt. Bolt understands that if the city finds a buyer, they would only pay 50% of the commission. Davis pointed out that this is what we do every day, and we would assist VandenBosch in getting a transaction to closing.

VandenBosch noted, for clarification, that the city is looking at a potential number of transactions and the various possibilities could be six or seven transactions. The minimum would be \$5,000 or 7% on each transaction.

Davis explained the fee structure is dependent on how a transaction is negotiated; Bradley Company will push the transaction as far as we can and then come to you with what we believe we have found. Kerber feels the board should not assume that the buyer will need the city to put the utilities in place without charge. Valentine said the Local Development Finance Authority (LDFA) commits to assisting with utility connections; would that not be financial. VandenBosch agreed that assistance would be financial.

Valentine said thirty days does not seem like long enough. VandenBosch said we are currently working with two potential buyers and VandenBosch thinks the city will know within thirty (30) days. VandenBosch noted that the fee to the broker will be half of the normal fee but after thirty (30) days we have to pay the whole fee even if we identified the buyer.

Bolt asked, "What if the city finds a buyer that is a good fit for the goals we have in mind. What if the city wants to discount the price due to enthusiasm for the project. Schroer explained that is part of the reason for instituting a minimum fee.

The group discussed various combinations for how the land could be split and marketed, noting that the city does not want to create any un-saleable property.

VandenBosch pointed out that the city has worked on a lot of property sales in the past but most were vacant land, noting that while we have some experience, this project is far beyond anything we have done before. When you look at all the resources this group has, VandenBosch noted that if the board does approve this team, he will still be doing the same amount of work but will be working as a team with this group.

Henry asked how confident we are that the groups VandenBosch mentioned are really serious. VandenBosch said they are looking closely, they do have other options, but in thirty (30) days they should have all the information they need. Discussion ensued about the fees and how they would work. The Bradley Company team agreed that they will begin working, already have, and noted that the work the group does might push your potentials into becoming a buyer.

Motion by Kerber, second by Erdmann to authorize retaining this group, the Bradley Company, to market the property at 220 Aylworth Avenue & 1280 Kalamazoo Street.

Question by Herrera regarding the bid process. VandenBosch explained that we do not do a bid process, but negotiate offers as they come in. Bolt reminded that we are hoping to create jobs, not just sell the property.

Compton said before you have a purchase agreement, usually you have a letter of intent, business terms and conditions are spelled out.

All in favor. Motion carried.

## **8. Property Survey Proposal**

VandenBosch explained that since we have potential buyers who would want splits, he went to the City Manager and got permission to move along.

Motion by Henry, second by Erdmann to approve the property survey.

All in favor. Motion carried.

## **9. Economic Development Report**

McCloughan was unable to attend.

## **10. General Comments**

There were none.

## **11. Adjourn**

Motion by Henry, second by Valentine to adjourn at 4:45 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom  
Recording Secretary