

# Local Development Finance Authority

## Regular Meeting Agenda

Monday, November 11, 2013  
4:00 p.m., Council Chambers  
South Haven City Hall



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, Christine Valentine, Janice Varney.

### 3. Approval of Agenda

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

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

### 6. Financial Report

### 7. Brokerage Agreement

### 8. Property Survey Proposal

### 9. Economic Development Report

### 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, October 14, 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, Henry, Klavins, Valentine, Varney, Bolt  
Absent: Herrera, Kerber, Rainey

### 3. Approval of Agenda

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

All in favor. Motion carried.

### 4. Approval of Minutes – September 9, 2013 Regular Meeting

Motion by Erdman, second by Klavins to approve the September 9, 2013 Regular 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 gave an overview of the Financial Report.

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

All in favor. Motion carried.

## 7. Broker Presentations

VandenBosch introduced the purpose of the broker presentations and gave an overview of what the city has been doing in the way of maintenance and upgrading at the former Bohn site. Temporary electrical system has been installed. About \$100,000.00 has been invested in the property since the sale, including an environmental report and a report on what it would take to bring the building back to a usable condition.

### 4:15 p.m. Thomas Elhart

Elhart directed the board to various pages in the printed material he distributed including mission statement and list of services. Stated that his firm, Signature Services, manages several thousand square feet of rental properties around Michigan. Noted their Cushman Wakefield alliance.

Noted that anything and everything in this presentation is negotiable. If the city comes to him with a purchaser, he will reduce his eight percent (8%) fee to six percent (6%).

Regarding price, Elhart noted that will be a difficult number to come by; the office building has a mold issue so the question is whether it is worth remediation or should it be struck. Noted that his firm has sold or leased a number of these properties throughout Michigan; it takes some outside the box thinking. Noted that one strategy is to have someone lease the property, upgrade and maintain, with an option to buy.

Gave some examples of creatively leased and improved buildings. Noted that the tour of the building led to the broker opinion of value. Pointed out some strengths and weaknesses of the property.

According to Elhart the highest and best use for the property is industrial. Indicated some sales comparables, pointing out that his firm does have some experience in South Haven, having sold the property at 200 Lovejoy, which was a fully functioning building.

Elhart's recommendation is to place the building on the market for \$650,000 to possibly achieve a sale price around \$600,000. If the office building has to be scraped, maybe around \$500,000.

Suggested a 12-month listing since it will take some time to get all the information together.

Henry asked Elhart's opinion regarding the economy and real estate sales.

Conversation turned to contractors being busy out there, but doing additions on buildings, not putting up new steel buildings. No one is doing spec buildings. Elhart thinks the value of buildings will go up due to lack of supply.

Henry asked about the condition of the electrical; what would cost be. Elhart stated that it depends on the use for the building; running presses or injection molding machines versus using it for warehousing would indicate a need for totally different services.

Erdmann asked for Elhart's take on prices a year from now. Elhart said he does not think prices will go up that much although the market is changing in that available buildings are becoming scarcer.

#### **4:30 p.m. Dane Davis**

Property has unique challenges and will take unique marketing to facilitate the sale or lease of this property. Davis introduced himself as a Senior Associate Broker with Bradley Company. Stressed the importance of understanding utilities, electric, ceiling height and environmental conditions beforehand so there are no surprises when we find a potential buyer or lessee. Hard to have a property that appreciates, not depreciate.

Works with a trustworthy team; you would not be working with just him, but a team. Explained that his partner is strong in areas he is not strong in. Noted that Cindy Compton is a business mentor for him; she connects quality people and focuses on what is best for a community and the success of Southwest Michigan.

Gave the background of the Bradley Company noting eleven transactions in South Haven that he has completed with his team.

Davis said while the property has significant challenges South Haven has a limited supply of larger spaces for manufacturing or warehousing. Positive marketing value for someone with a company in another state that vacations in South Haven. 16.8 acres of land with a warehouse or cold storage type use. Optimistic about our market; Davis calls it an uptick after a recession or slow time. Could market it at \$7 to \$11 per square foot.

Pointed out that the Authority needs to sit down and develop their goals; that will determine who you will sell or lease to. He would like to list it around \$12 per square foot, with some work on the building and hard work on this end. Explained that one cannot just put a sign on the property; need to develop a comprehensive marketing campaign and be accountable to it.

Marketing strategies: target users and send out a postcard, mailer or emails, and follow up with phone calls. His team will work the listing by cold calling targeted users.

Fees are market based at 8% but can discount to make the deal happen. Their goal is to add more value to a transaction than we take from it.

Bolt asked whether the office building is an asset or a detriment. Davis said he would want to go through the facility so he can understand all the issues up front, including environmental issues. Noted that finding a buyer is twenty-five percent (25%) of the transaction.

Varney asked what he would recommend asking for the property; Davis responded one million dollars (\$1M). Wants to push the upper end of the market. Noted that the strike price might be a little less than that.

Klavins asked how quickly a buyer could be found. Davis works with a group and has a developer/speculator that is buying and improving similar spaces.

Vacant land is important but concerned about the geo-thermal being put down; “Can it be developed?” VandenBosch said there were some environmental issues but it is not a highly contaminated site.

**5:09 p.m. Ryan White**

The most pressing issue is the location of the building. All utilities have been cut off, temporary electric has been installed; there are expenses that would have to go into the building. Noted that most of the buildings, even older ones, are still functional, so there are extensive costs to bring it up to a usable condition. “We looked at what this property might be worth if those things were complete, so we could compare to some of the more functional comparables.”

Did not agree with many of the figures in the report, for example, allocations toward HVAC is listed at \$490,000. White believes that to be extremely off; thinks it would only be around \$100,000 to put in two systems. Thinks there is a lot of work that needs to be done up front before this property can be valued. Need to find subcontractors for each of these things and gather price estimates.

White noted that the city has a building missing essential components; any company is going to need these items, one way or another. They may buy the building without them, but they are going to consider those costs.

At the very least, if the services are not in place, we need to have answers to the questions. The main system of electric; noted that all the wires have been cut out of the service box. We should get bids to determine what the costs would be to put in a 600 amp service.

Sump pump needs repair or replacement due to issues with water coming into the building through the floor; need to remedy that.

Loading docks in very poor shape, holes in walls, roofs leaking, paint peeled. “Is that structure worth keeping or do we tear that down and create a new dock area elsewhere?”

With no electric, we do not know if the pumps are functional. Need to get bids for docks and pumps.

Section Three (3) of the printed material Davis distributed denotes what has sold in the area. Noted that his group sold 100 Veterans Boulevard for \$1,715,000. This building was in pretty good shape and sold for eleven dollars (\$11) per foot.

Putting a value on this property today is hard to do without knowing what these costs are to bring it up to par with what we are competing with. Companies are most likely looking for something close to turnkey. Need to get the utilities in place, at the very least.

Thinks that the report was questionable and feels there is a need to have the data to know more closely what it would cost to get it ready for the best use. Has some value for cold storage or boat storage without working accessible docks or additional utilities; could maybe realize two hundred thousand dollars (\$200,000).

If you are trying to find a user who will bring in jobs there will have to be more research and improvements made.

Bolt questioned whether one million dollars (\$1M) would bring the property up to usable condition and then what it would sell for. White guesstimated it would sell for one million dollars (\$1M). Bolt asked what industrial land could sell for without the building. Davis clarified that demolition of the existing building would be an expense. Without the building it might sell for ten thousand dollars (\$10,000) per acre.

Varney suggested that White is saying that the value is in finding someone who will bring in jobs and use the property for its highest and best use.

Henry asked what White forecasts going forward. White feels the economy is doing better locally, still some manufacturing, more warehousing. "We cannot predict the future. We are optimistic; every year has gotten better since the recession."

White stated that they have a big client, Welch Packaging, which supplies packaging to manufacturers. They are doing very well. White feels that is a good sign; his client thinks the economy is turning around because his clients are asking for more boxes.

Bolts questioned White on the office space; White said he thinks there may be black mold.

White concluded that the bones of the building are good; the property just needs a lot of expense to go into it to get it into usable condition.

## **8. Invoices for Approval - LDFA 1**

### **Bohn Property**

|   |                    |
|---|--------------------|
| <b>Linear Electric, 09/03/13, Pay Request 2, Temporary Lighting</b> | <b>\$14,786.00</b> |
| <b>Midwest Civil Engineers, 09/12/13, #05-9940, Building Report</b> | <b>\$ 3,800.00</b> |
| <b>Envirologic, 07/09/13, #29032, Environmental Site Assessment</b> | <b>\$38,962.96</b> |

Motion by Klavins, second by Henry to approve the LDFA 1 invoices as listed.

All in favor. Motion carried.

## **8a. Discussion regarding presentations**

The board discussed the three presentations. Bolt wondered whether our engineering report is really that bad and pointed out the difficulty involved for the city to replace the utilities and then try to sell it to somebody and to find out that is not what they want. "There is a difference between remodel to suit and remodel to speculate."

Varney pointed out a buyer would want all the information the last presenter commented on. Bolt stated that most buyers would likely want to upgrade/replace the electrical to meet their needs and to be more efficient than the existing. "If we had a candidate for that building the Board of Public Utilities would be happy to give us the transformers."

Motion by Valentine to appoint a sub-committee consisting of Bolt, Klavins, VandenBosch and McCloughan, to evaluate the information we have received and report back to the committee with a summation at the next meeting. Second by Henry.

All in favor. Motion carried.

#### **9. Economic Development Report**

McCloughan gave an overview of economic development activities during the past month.

#### **10. General Comments**

There were none.

#### **11. Adjourn**

Motion by Klavins, second by Henry to adjourn at 5:34 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom  
Recording Secretary

# Local Development Finance Authority

## Special Meeting Minutes

Monday, October 21, 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: Gawreliuk, Herrera, Klavins, Valentine, Varney, Bolt  
Absent: Erdmann, Henry, Kerber, Rainey

### 3. Approval of Agenda

All in favor to approve the agenda as presented.

Motion carried.

### 4. Broker Selection

Bolt suggested Klavins introduce the final distillation of the committee's discussion.

Klavins commented on the three presentations, pointing out the pros and cons of each along with some errors in the materials each party distributed to the board. The sub-committee agreed that the easiest presentation to eliminate was the one that asked for money up front.

The committee wants to list it with a broker who can break the project down into its pieces to maximize our potential in other companies, according to Klavins some ideas the committee considered were:

- Separating the back portion of the acreage which has a lane going into it. With overlays that portion could be used as an incubator.
- Selling the office building and the warehouse separately.
- Have Bradley Company provide a virtual model for the overlays; they are the experts in that.

"We would be overseeing their work," Klavins said, noting that his experience with Bradley Company has been positive and their price seemed to be negotiable. The committee agreed that the city will not want to put too much money into the property because we could find a buyer whose needs are entirely different.

Varney asked for reminder of the various presentations, noting that in her mind she thinks of them as Presentation One, Two and Three.

Klavins reminded that the first presenter was with Signature, but noted that they had the property listed before the city bought it so they already had their shot.

The second presenter was Dane Davis, with Bradley Company, who admitted he had not made the time to go through the property, but Klavins noted Bradley has a fresh marketing approach. Their recent transactions include the Family Dollar, the Olive Cart, a building on LaGrange, and involvement in the Meijer deal. Unit wise, Davis' group has done the most local sales by far. They just listed everything in Lighthouse Village and are reviving that project including the commercial potential.

Varney was bothered by the fact that Davis did not take the time to look at the building and yet came in with a one million dollar (\$1M) price. Klavins said none of the presenters was totally on target, but Davis figured his price at \$12 a square foot. Klavins said he recommends Davis' marketing, overlay and modeling, which is the reason he feels Davis is the best of the three.

Varney wondered if, since the presentations are all so weak, whether our request for presentations could be put out again. Klavins said he would guess these are the three best commercial realtors out there and if we got more presentations they would probably be similar.

Valentine stated that the Local Finance Development Authority (LDFA) is not putting money into this up front and that she shares Varney's reservations. Bolt brought up the point that the city is willing to help a buyer with an ironclad contract through negotiations. Klavins said there are no hard dollars going out that he is seeing. Even at a set price, Klavins would like to see what Davis' group does. "By selecting them," Klavins asserted, "we have not signed a listing agreement; we can meet with them and ask them to show us what they think we should do."

Bolt explained that the committee came up with a suggestion for commission structure, adding that there are possible price differentials depending on whether the city or the Davis group finds the buyer.

Bolt asked if we should defer signing a listing agreement for thirty (30) days. Klavins said since we do not know what we are listing we could ask them to show us what would be an aggressive overlay for the back property; there could be several different price points which might attract more buyers. Once we come up with scenarios, then we could do a listing with Bradley.

Varney asked what the strategy would be. Klavins said we want to give them some guidance so they could have an advantage in coming up with a presentation. Varney said she feels leery because of the presentation Dane Davis gave. Klavins noted that Davis has a three-person team; one member of his team is Cindy Compton, who is on my team at Prudential, but she is kind of my independent commercial person. The reason she is on my team is because of the type of presentation she comes up with. In response to another question from Varney, Klavins said that he would not see Compton being involved as a conflict of interest for himself.

Varney thinks the two Ryan's (third presentation) were a reality check for us; Valentine said they had at least read the report. Bolt said most of what they told us was way overblown. Bolt said they were really trying to tell us we had to turn this property into a Cadillac to market it. Valentine responded that she felt they were asserting that the city should do full disclosure. Valentine said they wanted us to at least acknowledge that the place has some problems. Bolt said one of their comments is that there is no gas line; if someone wants to move in there, the gas company will run a line at no cost to the city. Same with the transformers; the Board of Public Utilities would be happy to move some transformers onto that property if they have a customer. Bolt said the sale price has a lot to do with what a buyer is going to do with it.

Valentine noted that the last presentation did correctly identify our mission; that we are not just trying to sell the property but to create jobs.

Bolt asked if Valentine and Varney would feel more comfortable if Bradley Company were asked to come back with another presentation. Varney said, "Yes." Varney feels that we need to see what they can do. Klavins said he can direct them, not so much in numbers, but ask for a breakdown of the various pieces.

Herrera suggested sending out a Request for Proposal (RFP) enumerating issues that are of high concern with the board. Varney said we started there, but what we are trying to do now is get closer to a final agreement; getting a written proposal from Bradley with a better listing price and with Bradley knowing more details of what the city is looking for.

Klavins asked if he should schedule them for the next meeting; Valentine said she thinks we should meet with them again. After discussion about the time it would take to comply with the boards' request, Herrera noted that if Bradley wants the business their group will put in the time.

Bolt asked the board if there is consensus and noted that he sees nodding which he will take as consensus.

## **5. Adjourn**

Motion by Klavins to adjourn at 4:34 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 October 31, 2013

|   | LDFA #1        | LDFA #2        | LDFA #3        |
|---|----------------|----------------|----------------|
| <b>Revenues</b>                             |                |                |                |
| Property Tax Captures                       | 168,622        | 35,008         | 42,709         |
| Interest Income                             | 764            | 423            | 727            |
| Land Sales                                  |                |                | -              |
| Other Revenue                               | -              | -              | -              |
| Other Transfers In                          | -              | -              | -              |
| <b>Total Revenue</b>                        | <b>169,386</b> | <b>35,431</b>  | <b>43,435</b>  |
| <b>Expenditures</b>                         |                |                |                |
| Economic Liaison                            | 165            | -              | 382            |
| Administrative Costs                        | -              | -              | -              |
| Professional Fees                           | 42,801         | 47             | -              |
| Contractual Services                        | 54,367         | -              | 124            |
| Capital Projects                            | -              | -              | -              |
| General Fund Administration                 | -              | -              | -              |
| Transfer to Building Authority Debt Service | -              | 4,385          | -              |
| MEDC Loan Payments                          |                |                | 13,604         |
| Transfer to St. Joe Project Debt Service    | 40,000         | -              | -              |
| Other Transfers Out                         | -              | -              | -              |
| <b>Total Expenditures</b>                   | <b>137,333</b> | <b>4,432</b>   | <b>14,110</b>  |
| <br>  |                |                |                |
| Year-to-Date Fund Gain/(Loss)               | 32,053         | 30,999         | 29,325         |
| <b>Cash and Investments</b>                 |                |                |                |
| Cash  | 130,466        | 129,148        | 242,127        |
| Certificates of Deposit                     | 263,078        | -              | 2,250          |
| Other Financial Investments                 | 350,988        | 83,338         | 343,862        |
| <b>Total</b>                                | <b>744,532</b> | <b>212,485</b> | <b>588,239</b> |

|                                 |             |            |                        |
|---------------------------------|-------------|------------|------------------------|
| 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 30, 2013

Mr. Paul VandenBosch  
Project Manager  
City of South Haven  
539 Phoenix Street  
South Haven, MI 49090

RE: Exclusive Sale Listing Agreement for the Bohn Piston Property in South Haven, Michigan

Dear Mr. VandenBosch:

Thank you for the opportunity to present to the City Commissioners last week regarding the South Haven Local Development Finance Authority's (LDFA) desire to sell the former Bohn Piston property at 220 Aylworth Avenue & 1280 Kalamazoo Street. This disposition project will require a skilled team of professionals with a history of success in your marketplace. We believe it is essential the sales agent you select have comprehensive real estate knowledge and extensive management and transaction experience for the property type and location. Bradley Company, LLC, is confident our qualifications are well-suited for the outlined assignment.

We have assembled a team of top professionals for the LDFA in marketing this property for sale, securing a buyer and executing the deal. The combined efforts of a Bradley Company disposition team led by Dane Davis and Kara Schroer along with collaboration from Cindi Compton of Prudential Preferred Realty will enhance our consultative and sales services on the project by overseeing the development of all targeted lists of qualified prospects, negotiations, due diligence and closing. Angela Brister, Marketing Director will be responsible for the production and oversight of all marketing materials. Bailey Aivars, Transaction Coordinator, will handle dissemination of information to the marketplace and organization of prospects.

The team offers local South Haven and Southwest Michigan expertise combined with regional and national marketing to help you to reach your goal of a timely sale to achieve a maximum value, but also bring employment and tax base to the community. Over the last 2 years, our team has sold/leased or currently has under contract a total of ten (10) commercial properties and currently have nine different properties listed in the South Haven/Watervliet marketplace.

Per your request, the following "Proposal" conveys the proposed terms and conditions for an Exclusive Right to Sell Listing Agreement between Bradley Company, LLC and the LDFA. It is our strong desire to be a part of the team that brings this project to a successful close for the community in the shortest timeframe possible.

Our proposed terms are as follows:

5136 Lovers Lane, Suite 108 | Kalamazoo, MI 49002 | 269.327.0089 | [bradleyco.com](http://bradleyco.com)

|   |  |   |
|---|--|---|
| <b>Seller (Client):</b>                       | South Haven Local Development Finance Authority<br>539 Phoenix Street<br>South Haven, MI 49090   |   |
| <b>Broker/Co-Broker:</b>                      | Bradley Company, LLC<br>5136 Lovers Lane, Suite 108<br>Kalamazoo, MI 49002   | Prudential Preferred Realty<br>246 Broadway Street<br>South Haven, MI 49090 |
| <b>Team Members:</b>                          | Dane Davis, Senior Associate Broker (Lead Team Member)<br>Kara Schroer, Senior Associate<br>Cindi Compton, Sales Associate<br>Angela Brister, Marketing Director<br>Bailey Aivars, Transaction Coordinator   |   |
| <b>Property:</b>                              | 220 Aylworth Avenue & 1280 Kalamazoo Street<br>South Haven, MI 49090<br>61,400 SF Manufacturing/Warehouse Building<br>15,000 SF Storage Building<br>8,500 SF Office Building<br>Up to 11 acres of additional vacant land that can be subdivided.   |   |
| <b>Objective:</b>                             | Objective is to locate a ready, willing and able Buyer that will bring employment and additional tax base to the Community and/or with potential growth opportunity.   |   |
| <b>List Price:</b>                            | Seven Hundred and Fifty Thousand Dollars (\$750,000.00) for the three (3) existing structures on the site situated on approximately 17 acres.<br><br>Office building on approximately one acre could be purchased separately for \$75,000.<br>15,000 SF Storage Building situated on approximately 2 acres for \$150,000.<br>\$20,000 per acre for the vacant land |   |
| <b>Terms for the Sale of Real Estate:</b>     | New Mortgage or Cash Purchase  |   |
| <b>Listing Term:</b>                          | One (1) Year from full execution of a listing agreement  |   |
| <b>Condition of Property at Time of Sale:</b> | To be sold in “as-is/where-is” condition. LDFA will help with electric/gas/utility service connections for the right buyer.  |   |
| <b>Excluded Buyers:</b>                       | Two Confidential Reserved Prospects (“Excluded Buyers”) will be excluded   |   |



|                           |  |
|---------------------------|--|
|                           | from the listing agreement for the first thirty (30) days from full execution of this agreement. If either of the two Excluded Buyers sign a Letter of Intent during this timeframe, the commission shall be reduced by fifty (50%) at Closing. The Excluded Buyers will be disclosed to Broker within ten (10) days from full execution of the Listing Agreement. |
| <b>Possession:</b>        | Immediately upon closing or as negotiated in the Purchase Agreement.   |
| <b>Commission:</b>        | Seven percent (7%) of the total purchase price paid at Closing out of the Seller/Client proceeds. Fee would be split 50/50 with Buyer's broker, if represented.  |
| <b>Agency Disclosure:</b> | Bradley Company, LLC would act as an exclusive agent for the Seller/Client. Any dual agency relationships would be disclosed in writing to Seller/Client immediately upon creation of such agency relationship.  |

We have attached our standard listing agreement form as an Exhibit A to this proposal for your review. Should you have any questions, please do not hesitate to contact Dane Davis at 269.217.4498 or Kara Schroer at 269.216.6769.

Thank you and we look forward to your response.

Sincerely,  
**BRADLEY COMPANY, LLC**

**Dane Davis**  
 Senior Associate Broker

**Kara Schroer**  
 Senior Associate



AGENCY AGREEMENT (PROPERTIES FOR SALE)

1. CONSIDERATION AND TERMS OF CONTRACT. In consideration of Broker's agreement to list the real Premises and all equipment, fixtures, and/or personal property appurtenant to and currently used in connection with the improvements thereon except office furniture and office equipment described below in the Commercial Alliance of REALTORS® Multiple Listing Service (hereinafter "MLS") and to pay the fee therefore and to cause the listing information to be distributed to the participating members in the MLS and in further consideration of Broker's agreement to use Broker's best effort to find a Buyer, Seller hereby grants Bradley Company, LLC, the Broker, from 11/11/13 (date) to 12:00 midnight on 11/30/14 (date) the exclusive irrevocable right and privilege to sell the Premises located in the [X] City [ ] Township [ ] Village of South Haven, Van Buren County, Michigan, commonly known as 220 Aylworth Ave & 1280 Kalamazoo Street and legally described as: See Attached PP# 80-53-220-001-10 & 80-53-220-002-10. Seller understands that any real estate agents who show the property may not be acting as Seller's agent; therefore, Seller understands that Seller should not disclose confidential information to any salesperson that Seller would not disclose to a Buyer. Approx. lot size and/or acreage: 16.8 acres +/-; Approx. building square footage offered: 84,900 SF + 11 acres vacant land

2. PRICE, TERMS AND BROKERAGE FEE. Seller agrees to sell the Premises for the sum \$750,000; payable as follows (terms of purchase shall be as indicated by "X" below; check all that apply): [X] CASH [X] NEW MORTGAGE [ ] MORTGAGE ASSUMPTION [ ] ASSIGNMENT OF LAND CONTRACT [ ] OTHER- please specify: LAND CONTRACT. The Buyer shall pay the full purchase price to the Seller pursuant to the terms and conditions stated in the Commercial Alliance of REALTORS® Land Contract or a Purchase Money Mortgage. The Land Contract shall provide a down payment of \$ and payment of the balance \$ in installments of \$ per or more, at Buyer's option, including interest at the rate of % per annum computed monthly or with Seller's consent for a lesser sum or on other terms. Interest shall commence on the agreed upon date of closing. Seller understands that consummation of the sale or transfer of the Premises shall not relieve Seller of any liability that Seller may have under the mortgage(s) to which the Premises are subject, unless otherwise agreed to by the lender or required by law or regulation.

OR with Seller's consent for a lesser sum or other terms, WHICH PRICE INCLUDES ALL ENCUMBRANCES, TAXES, ASSESSMENTS, AND BALANCES OWING ON ALL EQUIPMENT. The term "sale" shall be deemed to include any direct or indirect exchange, trade, or transfer of any direct or indirect interest in the above-listed Premises to which Seller consents, or the exchange, trade or transfer of a controlling interest in any entity with an interest in the Premises. The term "Premises" shall be deemed to include the above-listed Premises and any direct or indirect interest therein. In the event of a sale, if applicable, Seller will convey, or agree in writing to convey by warranty deed, a good and marketable title to said Premises to the Buyer thereof. Further, Seller will furnish a policy of title insurance.

Seller agrees to pay Broker a brokerage fee of Seven (7%) percent of the sales price due and payable if: there is a sale or trade by Broker or by Seller or anyone else during the listing period (including sales occurring after the listing period pursuant to options granted or contracts executed during the listing period); or a prospective Buyer ready, willing and able to purchase the Premises on the terms specified herein or other terms acceptable to Seller is produced by Broker or any agent or person during the listing period; or there is a sale within six (6) months after expiration of the listing period (including sales pursuant to options granted or contracts executed within that period following expiration) to a Buyer who had been introduced to or provided information regarding the Premises during the listing period by Broker or Seller or any other agent or person, except that this provision shall not apply if the Premises is sold pursuant to a valid listing agreement entered into with another member of an Association of REALTORS subsequent to the expiration of the listing period of this agreement.

The brokerage fee may be shared by the Broker with any cooperating broker who participates in the sale per the following compensation schedule: Subagent (of the Seller) zero (0%) percent of the sale price or Buyer's Agent Three and a Half (3.5%) percent of the sale price or Transaction Coordinator 3.5% percent of the sale price. Participation in the MLS requires cooperation with at least one type of relationship as listed above.

If, during the listing period, the Premises is leased by Broker or Seller or anyone else, or if within N/A months after the expiration of said period, a lease is made to any person who has been introduced to or provided information regarding the property during said listing period by

Broker or Seller or anyone else, Seller agrees to pay Broker a brokerage fee of N/A of the total Rent and/or other consideration paid, except that this provision shall not apply if the Premises is leased pursuant to a valid listing agreement entered into with another member of an Association of REALTORS subsequent to the expiration of the listing period of this agreement. The total brokerage fee owed pursuant to this Paragraph shall be paid upon execution of a lease for the Premises, renewal brokerage fees shall be paid upon tenant's exercise of renewal option. Brokerage fees shall not be otherwise affected by a later breach or termination of such lease by Landlord or Tenant. This brokerage fee shall be paid in full promptly after it is earned, but not later than any applicable closing.

Seller represents and warrants that: (i) there are no obligations to pay brokerage fees to any person or entity except as specified in this Agreement; and (ii) there are no rights of first refusal or options to lease or purchase applicable to the Premises. If these representations and warranties prove to be inaccurate, no such obligation shall diminish the obligation to pay the brokerage fee specified herein. Seller and Broker agree that Broker shall be entitled to payment of reasonable attorney's fees and costs incurred by Broker to collect any commission owed under the terms of this Agreement. Seller agrees that interest shall accrue, and be paid to Broker, at highest rate allowed by law on any unpaid balance, compounded monthly until paid.

Property Address 220 Aylworth Ave/1280 Kalamazoo Street

Seller's Initials

3. **REFERRAL.** Seller agrees to refer to Broker all inquiries received concerning the Premises during the period of this listing.
4. **INDEMNIFICATION.** Seller shall indemnify and hold Broker and Broker's agents and subagents harmless from any and all liability for any reason as a result of injury to a person(s) or damage or loss to Premises arising out of a showing of the Premises pursuant to this listing.
5. **OPTIONS.** In the event Seller grants an option to purchase or lease the property, other than an option which is part of a lease, Seller agrees that the running of the term of this listing shall automatically be suspended for the duration of the option and, upon the expiration of the option, shall automatically recommence and continue for the remainder of said term so that the listing period before and after the option will total the original term of this listing.
6. **POSSESSION.** Possession to be given upon close or as negotiated in the purchase agreement \_\_\_\_\_ subject to rights of tenants, if any.
7. **MARKETING.** Broker is hereby authorized to photograph the Premises and publish pictures, place a marketing sign on said Premises and to remove all other marketing signs. Broker is also authorized to have access to said Premises and all parts thereof for the purposes of showing same at reasonable hours and to promote the Premises in any media it deems necessary.
8. **OFFERS.** Broker shall present all offers to Seller unless otherwise agreed in writing with Broker, except for an accepted offer that prohibits solicitation or consideration of other offers during the period that the resulting Purchase Agreement is in effect.
9. **PRICE AND TERMS.** Seller acknowledges that the purchase price will be disclosed by the Commercial Alliance of REALTORS® in the ordinary conduct of its business.
10. **NON-DISCRIMINATION.** Broker and Seller acknowledge that discrimination because of religion, race, color, national origin, age, sex, marital status, disability, or familial status in connection with the offer, sale or lease of the real estate is prohibited by law.
11. **HEIRS AND SUCCESSORS.** This contract binds Seller, Broker, their personal representatives and heirs, and anyone succeeding to their interest in the property.
12. **COST OF SERVICES OF PRODUCTS OBTAINED FROM OUTSIDE SOURCES.** Broker will not obtain or order products or services from outside sources (e.g. surveys, environmental tests, title insurances, inspections, etc.) without the prior consent of Client, and Client agrees to pay all costs of products or services obtained.
13. **CONFIDENTIAL INFORMATION.** Broker acknowledges that Seller may disclose confidential information to Broker in connection with performance of services under this Agreement, and Broker agrees to preserve such information in confidence and not to disclose any such information to the detriment of Seller in connection with any transaction described herein. Similarly, Seller acknowledges that Broker may have received confidential information in the past from a party on the opposite side of a proposed transaction with Seller, and Seller agrees that Broker's faithful maintenance of such information in confidence will not be a breach of any duty to Seller.
14. **ENVIRONMENTAL DISCLOSURE.** Michigan environmental law provides that a person who has knowledge that his/her real property is a "facility" may not transfer an interest in that real property (including by sale or lease) unless the person provides written notice to the purchaser or lessee. The notice should state that the real property is a facility and disclose the general nature and extent of the release of contamination. A "facility" is any property where contamination in excess of certain concentrations has been released or otherwise exists. An owner should seek legal and technical counsel from experienced professionals if the owner is concerned whether their property is a facility.
15. **OTHER CONDITIONS.**  
See Exhibit B for Other Conditions.
16. **MISCELLANEOUS.** This contract contains all of the terms and conditions of the Agreement between the parties with respect to its subject matter, and there are no representations, warranties, conditions, or promises except those expressly set for in this contract. This contract may be modified only by a writing signed by the parties. If Seller is an entity, the undersigned represents that he/she has the legal authority to execute this instrument on behalf of the Seller and that Seller has full power and authority to enter into and perform this contract including the conveyance of title as specified. Each of the undersigned individuals who have signed this instrument on behalf of Seller represent and warrant that he/she is authorized to sign this instrument on behalf of such party and to bind such party to the requirements of this instrument. Seller hereby acknowledges receipt of a completed copy of this contract. This Agreement shall be governed by Michigan law.

Seller acknowledges that if a commission is owed under a prior agreement, execution of this agreement will not eliminate the prior agreement.

**SELLER**

Listed by: \_\_\_\_\_  
Bradley Company, LLC

Entity: South Haven Local Development Finance Authority \_\_\_\_\_

By: \_\_\_\_\_  
(Note: Please sign as you wish your name to appear on the final documents.)

Through \_\_\_\_\_  
Agent

Printed Name of Signatory: \_\_\_\_\_

Its: \_\_\_\_\_

Entity: \_\_\_\_\_

By: \_\_\_\_\_  
(Note: Please sign as you wish your name to appear on the final papers.)

Its: \_\_\_\_\_

Printed Name of Signatory: \_\_\_\_\_

Type of Ownership:  Sole  Joint  Other \_\_\_\_\_  
(Please specify)

## Exhibit A – Legal Description

Parcel 1: Beginning at the Northeast corner of Lot 1, Supervisor's Plat of Irving T. Olson Industrial Subdivision, according to the recorded plat thereof, as recorded in Liber 5 of Plats on Page 74, in the Office of the Register of Deeds for Van Buren County, said point being North 89°22'00" West 531.87 feet along the North line of Section 15, Town 1 South, Range 17 West, and South 00°00'12" West 32.44 feet from the North Quarter corner of said Section 15, according to the Government Survey thereof; and proceeding thence South 00°00'12" West 177.79 feet, along the East line of said Lot 1; thence South 89°57'04" West 413.51 feet; thence South 00°08'05" West 218.71 feet; thence South 89°57'07" East 70.76 feet; thence South 00°10'41" East 80.67 feet; thence South 89°53'18" East 146.13 feet; thence South 00°42'47" West 167.54 feet; thence South 89°36'44" West 22.45 feet; thence South 00°00'12" West 218.26 feet; thence North 89°59'48" West 269.0 feet; thence South 00°00'12" West 414.70 feet to the South line of said Lot 1; thence North 89°21'02" West, along the South line of said Lot 1, 276.97 feet; thence North 00°04'12" East, along the West line of said Lot 1, 1283.27 feet; thence South 89°21'36" East, along the North line of said Lot 1, 764.90 feet to the point of beginning.

Parcel 2: Beginning at a point on the East line of Lot 1, Supervisor's Plat of Irving T. Olson Industrial Subdivision, according to the recorded plat thereof, as recorded in Liber 5 of Plats on Page 74, in the Office of the Register of Deeds for Van Buren County, South 00°00'12" West 177.79 feet from the Northeast corner of said Lot 1, said point also being North 89°22'00" West 531.87 feet along the North line of Section 15, Town 1 South, Range 17 West, and South 00°00'12" West 210.23 feet from the North Quarter corner of said Section 15, according to the Government Survey thereof; and proceeding thence South 00°00'12" West, along the East line of said Lot 1, 466.26 feet; thence South 89°36'44" West 198.95 feet; thence North 00°42'47" East 167.54 feet; thence North 89°53'18" West 146.13 feet; thence North 00°10'41" West 80.67 feet; thence North 89°57'07" West 70.76 feet; thence North 00°08'05" East 218.71 feet; thence North 89°57'04" East 413.51 feet to the point of beginning.

And being together with and subject to an easement for ingress, egress and utilities being described as: Beginning at a point of the East line of Lot 1 distant South 00°00'12" West 644.05 feet from the Northeast corner of Lot 1 said point also being distant North 89°22'00" West 531.87 feet along the North line of Section 15 and South 00°00'12" West 676.49 feet from the North 1/4 corner of Section 15 and proceeding thence South 00°00'12" West 30.00 feet along the East line of Lot 1; thence South 89°36'44" West 221.39 feet; thence South 00°00'12" West

377.06 feet; thence South 89°59'48" East 21.40 feet; thence South 00°00'12" West 229.14 feet along the West line of Lot 11 and the extension thereof; thence North 89°21'02" West 71.40 feet along the South line of Lot 1; thence North 00°00'12" East 635.06 feet; thence North 89°36'44" East 271.40 feet to the point of beginning.

## **Exhibit B – Other Conditions**

**Excluded Buyers:** Two (2) confidential reserved prospects (“Excluded Buyers”) identified by Client will be excluded from this listing agreement for the first thirty (30) days following full execution of this agreement. If either of the two Excluded Buyers sign a Letter of Intent during this timeframe, the commission shall be reduced by fifty (50%) at Closing. The Excluded Buyers will be disclosed by Client to Broker in writing within ten (10) days from full execution of the Listing Agreement.

**Objective:** It is understood by Broker that Seller/Client’s objective is to sell the property to an owner occupant that will increase the employment and tax base for the City of South Haven. Any prospective buyer will not be considered ready, willing and able unless they meet the above stated objective for the Seller/Client.

September 23, 2013

[Paul VandenBosch](#), Assistant City Manager  
City of South Haven  
539 Phoenix Street  
South Haven, Michigan 49090

**Subject: Surveying Services – 220 Aylworth**

Dear Mr. VandenBosch:

Abonmarche appreciates the opportunity to submit the following proposal to the City of South Haven for the provision of surveying services to prepare the property located at 220 Aylworth (former Bohn Aluminum property) for redevelopment. To assist the City of South Haven ready the property for redevelopment and potential property splits, Abonmarche will perform all of the necessary survey work to facilitate such activity at any future point and time as necessary. Following is an overview of the proposed scope of work

Scope of Work

The proposed scope of work will include a boundary stake survey of overall perimeter of combined parcels 80-53-220-001-10 and 80-53-220-002-10, preparation of survey drawing showing overall boundary lines, location of buildings, hard surfaces, curb and curb cuts, fencing, detention pond, visible above ground evidence of utility locations, and location of ingress, egress and utility easement as stated in provided title commitment. Abonmarche will then prepare a survey and drawing to serve as base map for potential future lot splits and development, and additional services for future lot development to be provided on an as-requested basis under a separate proposal. From receiving a notice to proceed, Abonmarche will be able to deliver the finished work to the City of South Haven within 3-4 weeks.

Proposed Fee.....\$5,000

95 West Main Street  
Benton Harbor, MI 49022  
269.927.2295

361 First Street  
Manistee, MI 49660  
231.723.1198

503 Quaker Street  
South Haven, MI 49090  
269.637.1293

750 Lincoln Way East  
South Bend, IN 46601  
574.232.8700

3177 Willowcreek Road  
Portage, IN 46368  
219.850.4624

Your signature in the space provided below will serve as authorization to proceed with this project. We look forward to working with you on this project. If you have any questions, please feel free to contact me at your convenience on my mobile phone at (269) 252-8980 or via email at [tmcghee@abonmarche.com](mailto:tmcghee@abonmarche.com)

Sincerely,



Tony McGhee

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Signature

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Date

