

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