

# Local Development Finance Authority

## Regular Meeting Minutes

Monday, November 14, 2011  
4:00 p.m., Council Chambers  
South Haven City Hall



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

### 2. Roll Call

Present: Black, Erdmann, Henry, Kerber, Klavins, Lewis, Rainey, Valentine, Varney, Bolt  
Absent: Gawreliuk

### 3. Approval of Agenda

Motion by Henry, second by Valentine to approve the agenda as presented. All in favor.  
Motion carried.

### 4. Approval of Minutes – June 13, 2011

Motion by Henry, second by Klavins to approve the June 13, 2011 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

A Review of Audited Financial Statements for the Fiscal Year Ended June 30, 2011 was provided for the LDFA and Brownfield.

### 7. Invoices for Approval

#### LDFA 3

#### 130 Veterans Sale

Clark Hill #414032, June 9, 2011	\$522.00
Clark Hill #420006, July 15, 2011	\$ 54.00
Clark Hill #426069, September 15, 2011	\$ 38.00
Clark Hill #428422, October 11, 2011	\$266.00

VandenBosch noted the closing for New Age Landmark has gone through and he does not expect that the Local Development Finance Authority will receive any more invoices regarding that transaction.

Motion by Erdmann, second by Henry to approve the invoices as listed above. All in favor.  
Motion carried

## **8. 2nd Avenue Proposal**

Brian Dissette, City Manager. Dissette said he and the mayor have been working on a proposal on the 2<sup>nd</sup> Avenue Property. The City has a developer proposing to construct a facility costing \$15,000,000 which would be a large user of electricity and secondary user of water and sewer.

Dissette outlined the price of \$5,000 per acre, with property tax abatement 50% of real and personal property for 12 years, which he noted is what the City typically does for any new developer. Dissette said the City has committed to actively seek an Agricultural Renaissance Zone, which would be 100% property tax abatement; that requires the blessing of City Council and the State of Michigan.

Regarding Infrastructure capacity, Dissette said the City is confident that the developers needs for water, sewer and electricity can be met. Dissette said he believes the developers find the City's utilities a positive, noting that our investment in the water plant make us more expensive than some of the other communities. Dissette stated that the developers are looking at the City as a potential location, pointing out that the City is very competitive when it comes to electricity, with prices consistently below Consumers Energy and about the same as AEP and others. Dissette stated that the City can provide reliability due to the rebuilt electric service.

In response to a question from Chairman Bolt, Dissette stated that the City's funds are kept separate which means the Local Development Finance Authority will be assisting the developers with the electric, water and sewer connections. Dissette noted that electric connection assistance is done for all new developers; as they install electric on their site we rebate their total investment up to 50% based on purchased power. Dissette concluded that the City believes the electric, water and sewer connections provide a very strong and competitive incentive. The City, Dissette said, hopes to be bringing the Local Development Finance Authority a purchase agreement.

In response to a question by Kerber regarding a previous grant, VandenBosch said that the Local Development Finance Authority has a low interest loan which continues until about the year 2016, which VandenBosch does not recommend paying off immediately. VandenBosch noted that the loan payment is about \$27,208 per year. Kerber asked the remaining balance which VandenBosch said he believes is about \$110,000.

Erdmann asked if the money is in the Local Development Finance Authority budget. VandenBosch referred to pg. 29 of the Local Development Finance Authority Agenda: the I-196 2nd Avenue Project is budgeted for \$150,000, noting the incentive is based on the budget.

Dissette noted that the prospective developer has requested a minimum of thirty-five acres, stating that the purchase could be for only thirty-five acres or for the full forty one acres. Dissette said that the City envisions that the developer will likely use up all of the vacant land with future expansion.

VandenBosch noted that this agenda item is before the Local Development Finance Authority for discussion; if you have objections let us know. The City is negotiating based on these terms. No decision is needed from the Local Development Finance Authority at this time, but comments negative or positive would be helpful.

Bolt noted a resolution is provided. VandenBosch stated that the resolution is a separate item. Based on the request from a previous developer, the City had rezoned the 2nd Avenue frontage to a commercial use. The intent of the resolution is that the LDFA would request the Planning Commission to rezone the property back to I-1 Light Industrial, whether or not the developer purchases the property.

Kerber asked about the memo talking about the abatements being offered with no dollar amount to which Dissette responded that the City does not have clear knowledge of the value of the development. Dissette noted that the prospective buyer has not gone through the process to engineer the site and stated that the developer's range for total project cost is expected to be at least \$15,000,000. From there, Dissette said it is cutting the number in half and applying the tax rate. More information will be developed as the City works with the developers. If the Agricultural Renaissance Zone is something the City can pursue, the City Council will act on that request, and share the information with the Local Development Finance Authority board. Dissette pointed out that the Local Development Finance Authority should be prepared that this project will not increase their cash flow.

VandenBosch noted that we have spoken to the developer and the City Attorney to make sure they are aware that there will be a limited time line for development, and if no development occurs, the City will have the ability to regain ownership.

Bolt asked if there is any way for us to recoup our investment in this business. VandenBosch noted that we have in our LDFA 1 Budget an Infrastructure Improvement Plan in which we promised City Council that we will pay a certain amount each year toward infrastructure. Dissette stated that the intent was to forgive this annual payment over three years, which would equal \$150,000. The City is working with the State of Michigan on grant and loan programs for infrastructure; the City was just awarded a sub grant for a project and has met with a firm that will be managing that loan, so forgiveness of the Infrastructure Improvement Plan will not delay infrastructure improvements. Dissette noted that the City will be issuing that debt but that is a couple of years out. The simplest way, should the project come through, Dissette noted, is to issue some debt to the Indian Grove Project.

Varney stated that she assumes this project is being proposed by a firm that is financially viable. Dissette said it is apparent that they are able to finance the entire project.

Bolt asked if there were any objections. Kerber said without any more information it is hard to judge, but on the surface it seems to be viable. Dissette said as more information comes in we will share with the board. We know the bulk of these folks and believe they are capable for this commitment.

Kerber asked where the subject property is. VandenBosch said it is across from the college and the Noble facility, in front of Sherman Hills.

Motion by Henry, second by Klavins to rezone the parcels at 1600 2<sup>nd</sup> Avenue and 1800 2<sup>nd</sup> Avenue to I-1 Light Industrial.

A roll call vote was taken.

Yeas: All  
Nays: None

Motion carried.

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

Jack McCloughan gave an update on Economic Development.

### **10. General Comments**

There were none.

### **11. Adjourn**

Motion by Black, second by Erdmann to adjourn at 4:27 p.m. All in favor. Motion carried.

Respectfully submitted,

Marsha Ransom  
Recording Secretary