

# Local Development Finance Authority

## Special Meeting Minutes

Monday, June 27, 2016  
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: Barbara Craig (4:02 p.m.) LMC Rep., Tom Erdmann, Tom Fleming (4:08 p.m.), Eugen Gawreliuk, Andy Klavins, Chris Valentine, Art Bolt

Absent: Mike Henry, Robert Herrera, Stephanie Timmer

Also present: Laura Bos, South Haven Public School Rep.; Tony Marsala, Fire Marshall; Ross Rogien, Building Official

### 3. Approval of Agenda

Motion by Valentine, second by Klavins to approve the June 27, 2016 Special Meeting Agenda as presented.

All in favor. Motion carried.

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

None at this time.

### 5. Facility Lease Agreement 220 Aylworth Avenue "Bohn Building"

Kate Hosier, LDFA Secretary, noted that as explained in her staff report, the LDFA has already worked out a purchase agreement with the Lukela Group, LLC for the property at 220 Aylworth. However there is a due diligence period of 150 days plus 30 days for closing, and the purchasers of the building were approached by SPX to do some light assembly work in the Bohn building. This would be for a period of one year. They would be taking reinforced plastic panels and assembling them with power drills. There is no cutting, no grinding, nothing of that sort, and then storing these assembled panels to be ready for the spring outage of 2017 at Palisades Nuclear Plant. They are looking for a place with a roof overhead to do this work; they have done it under a temporary shelter out in the parking lot at Palisades in the past. They are looking for a temporary lease for the Bohn building, for one year, at \$8,000 a month with a security deposit.

Hosier explained that since the LDFA still owns this building, but is potentially going to be selling the property in the middle of this lease, we have been working out the terms of the lease. We have a sample lease in the packet; the terms of that are stated. That it will be for one year only from July 1, 2016 to July 1, 2017. Light assembly only for \$8,000 a month.

Hosier noted that there has been discussion about building occupancy; the building inspector is here. He has said that the doors must be functioning; they need temporary lighting, exit signage, and an ADA restroom. Hosier believes they can start out with an ADA compliant portable restroom, but eventually we have to get the bathroom issue sorted out. Those are the things necessary for temporary occupancy.

Secondly, fire suppression; according to our fire marshal if they were doing actual storage they would need suppression, but because they will be doing light assembly, with no torches or grinding, they will be able to provide 20 to 30 pound Class A, B or C fire bottles.

After a call for questions, Klavins asked, "So this agreement will be pro-rated, with the city getting the income until closing and then the purchaser?" to which Hosier responded that she believes that is how it is going to be worked out. Bolt clarified, "We collect the rent as long as we are the owner; once the owner takes possession, the new owner collects."

Valentine asked how the improvements will be covered to which Bolt responded that the items required are fairly inexpensive so the first month's rent will cover those expenses. After that it is a triple-net lease, anything they want to do in the way of further improvements would be the occupant's responsibility. There would be no taxes, of course, Bolt added, and the lease starts July 1<sup>st</sup>.

Erdmann stated he didn't hear anything about insurance and Hosier explained that the insurance is two-fold. "The city kept insurance on the building because we own it, but the tenants would be required to insure their people, their products and any worker's comp."

Gawreliuk asked about charging power tools which Hosier noted has been discussed between the potential tenants and the Lukela Group. Hosier believes the tenants are planning to have a charging station, which would be able to use the existing electric service that is already there. Bolt affirmed that it sounded to him that they would be using rechargeable drills like a contractor would have.

The Fire Marshall and Building Official addressed questions regarding the fire safety requirements and inspection of temporarily occupancy to determine whether the tenants are only doing what they are approved to do. Craig asked the building inspector whether it is his intention to visit once the temporary tenants are up and running, to which Rogien responded yes.

Bolt commented that this is a win-win for the LDFA; we get some jobs and something new happening.

Motion by Klavins to approve the facility lease agreement for 220 Aylworth Avenue, the Bohn building, and pre-authorize expenses to make the building suitable for occupancy by the tenant as discussed. Second by Valentine.

All in favor. Motion carried.

**6. Member Comments**

There were no member comments.

**7. Adjourn**

Motion by Klavins, second by Gawreliuk to adjourn at 4:16 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom  
Recording Secretary