

HOUGHTON LAKE COMMUNITY SCHOOLSBOARD OF EDUCATION
Special Meeting ~ September 28, 2009

Present: Harned, Dean, Maiani, Duquette (via phone), Scherer, Burger

Absent: Fry

Admin/Staff: Kevin Murphy, Matt Lewis, Stan Gardner, Gail Harned, Sally Cotterman, Ken Warner, Marilou MacKenzie.

Media: Cheryl Holladay

Visitors: Randy Seymour, Nancy Walter, Ruth Clemens, Gordon Van Wigren, Kelly & William Karbowski

7 p.m. Meeting called to order

Citizen's Request to Address the BOE: None

Superintendent's Report

Presented William and Kelly Karbowski (father and son) of B&K Appraisal from Linwood, regarding appraisals of Merritt & Prudenville buildings; sales comparison approach used to come up with 'Fair Value' of buildings; buildings were compared to 14 state-wide school building sales, only 5 of which occurred since 2006.

Merritt - \$50K or \$6/SF (8,350 SF); considerations: septic, well, poor location

Prudenville - \$225K or \$7/SF (32,000 SF); considerations: sewer, well, better location; both prices based on estimated sale time of 36 months

Gordon Van Wigren of Thrun Law Firm advised as follows:

- Fair Value not the same as Fair Market Value
- Can't give the buildings away
- Can transfer to another public entity
- Can't put a deed restriction on charter schools, etc.; need to be open to any potential buyer unless business would be detrimental to the community
- Not legally bound to solicit bids.
- Need to give full disclosure on inspection records, asbestos, etc.
- Need to check for any bond indebtedness
- Do not use uniform purchase and sales agreement as it needs to contain language that transfers liability to buyer

Discussion Items

- ✓ Merritt & Prudenville Real Estate – Board agreed to have the finance committee come up with sales price; committee to meet 9/29/09 at 3:30 p.m.
- ✓ Second Reading – Advantage Electric Bid: no further discussion

Citizen's Request to Address the BOE
(pertaining to the above agenda items only)

President Harned allowed audience to dialogue about the sale of the buildings as a few had questions to B&K:

Randy Seymour, 137 Oak Marr, Houghton Lake

How many comparables were post-recession? 5

Will B&K's appraisal meet lender's requirements? Yes

Randy pointed out Market Value time of 36 months isn't the same as Liquidation Value which is 0-6 months.

Ruth Clemens, 1244 E. Houghton Lake Dr., Houghton Lake, ERA

Ruth said she is willing to waive her commission on the deal; explained that potential purchaser, Dr. Gaddam, would be running a tuition-based, private school for 8-12 grade students wishing to pursue careers in the medical field so he wouldn't be in competition with the public school; Houghton Lake is of interest due to safety of the environment which would ease the minds of the parents who would be sending their students away to school.

Harned voiced his concerns of viability of the deal; doesn't want to see another empty promise like the Grayling Theme Park that has yet to happen.

Gordon Van Wigren advised if offer is submitted, the Board has a right to consider it.

Action Items:

Accept Bid – Advantage Electric

Motion by Dean to accept bid, support by Burger; Motion carried 6-0

8:24 p.m Motion by Dean to adjourn, support by Maiani; Motion carried 6-0